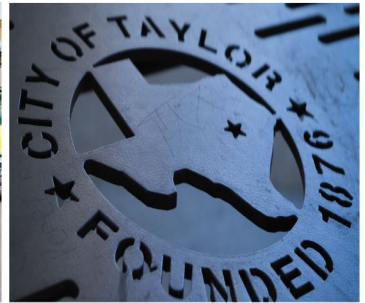


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2016



The City of Taylor
400 Porter Street | Taylor, Texas 76574
(P) 512.352.3675 | www.taylortx.gov

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Taylor, Texas

**For the Year Ended
September 30, 2016**

Prepared by:
Finance Department

Rosemarie Dennis
Director of Finance



City of Taylor, Texas

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September 30, 2016

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INTRODUCTORY SECTION





January 20, 2017

To the Honorable Mayor, Members of the City Council and Citizens of the City of Taylor:

The Comprehensive Annual Financial Report (CAFR) of the City of Taylor, Texas, for the fiscal year ended September 30, 2016, including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP), and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2016.

This report is published to provide the Mayor and City Council, city staff, our Citizens, representatives of financial institutions, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Because the cost of internal controls should not outweigh their benefits, the City of Taylor's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

The City of Taylor's financial statements have been audited by BrooksCardiel, PLLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic

financial statements. This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it.

Profile of the Government

The City of Taylor, incorporated in 1876, is located in eastern Williamson County in the central region of the State of Texas. It is located approximately 29 miles northeast of Austin and 7 miles east of State Highway 130 and 17 miles east of Interstate Highway 35. State Highway 95 and U.S. Highway 79 intersect in downtown Taylor. The City currently occupies a land area of 19.13 square miles and services approximately 17,701 residents. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Taylor operated under a Commission-Manager form of government from 1926 to 2001. In an election held on May 5, 2001, a charter amendment was approved changing the designation to a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and four Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and Municipal Court Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve three year staggered terms. The three-year election cycle consists of two members being elected in consecutive years and a single member being elected in the third year of the cycle. Four of the Council members are elected by district with the remaining council member being elected at-large. After each election, the five members of the Council select one of the members to serve as Mayor until the next election.

The City of Taylor provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events. Solid waste collection/disposal and water treatment are outsourced to Progressive Waste Solutions and Brazos River Authority (BRA), respectively. Wastewater collection and treatment are provided by the City. In addition, the City of Taylor is also financially accountable for a legally separate economic development corporation, which is reported separately with the City of Taylor's financial statements. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City of Taylor's financial planning and control. All units and departments of the City of Taylor are required to submit requests for appropriations to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to Council for review in June. The Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 15th.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may authorize transfers of appropriations within a department and between departments within a fund and within major line item categories. Increases or decreases of appropriations to a fund; however, require special approval of the City Council in the form of an Ordinance formally amending the adopted budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of the report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Taylor operates.

Local Economy

The City of Taylor's economic outlook continues to improve due to the overall improvement in the economy. This is evidenced by local economic indicators such as an increase in tax appraisal values and the increase in residential building permits. In 2016, the City issued 81 residential building permits totaling a valuation of \$13,521,823. This is an increase by 38% in the number of permits issued from 2015 with valuations at a 53% increase. For many years, the City's economy has been largely based in agriculture and manufacturing. These industries are still with the City today, however, the Taylor Economic Development Corporation actively recruits companies that add to the diversity of the City's local industry while providing residents with good employment. A major industry that is located within the City of Taylor is the Electric Reliability Council of Texas (ERCOT), which manages the flow of electric power to approximately 24 million Texas customers. This represents 90 percent of the state's electric load and has its operations center located in Taylor. ERCOT employs over 631 employees and is the City's largest employer. The Taylor Independent School District (TISD) is the second largest employer in the City with over 578 employees and 3,239 students.

Anticipated growth is expected for the east Williamson County region, especially along Chandler Road. This has improved the overall connectivity and mobility to and within Taylor, but also will bring growth and new development.

The average rate for unemployment in Williamson County for 2016 was 3.4%, this is lower than the national average unemployment rate of 5.2%. The job growth is 3.1% with future job growth over the next ten years is predicted to be 42.7%. The City of Taylor's location is in a region with a varied economic base.

Long –Term Financial Planning

During the 2015-16 fiscal year, the City issued Series 2015 and Series 2016 General Obligation Refunding Bonds for savings on the Series 2005 General Obligation and the Series 2008 and Series 2010 Combination Tax and Revenue Certificates of Obligation.

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The policy notes that the City's target unassigned fund balance is an amount equal or greater than 25% of annual general fund operating expenditures. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

Major Initiatives

At the end of the 2015-16 fiscal year, the City of Taylor has a number of coming major projects that are worth noting. Additional information related to the capital improvement projects and funding for those improvements is located in the new Five-Year Community Investment Program Plan.

The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City's Municipal Airport, Parks and Recreation, Roadways, Downtown, Drainage Systems and Water/Wastewater systems. The City will conduct a Water/Wastewater comprehensive study of the city's water source, storage, treatment, and delivery systems and will be used to guide future water utility decisions.

Other Information

Fund Accounting: The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity. A description of the various major funds and fund types is contained in the Notes of the financial statements. A description of each individual non-major fund is contained at the beginning of its related combined financial statement.

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting; revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure. This structure is designed to provide reasonable, but not absolute, assurance that: (1) City assets are protected from loss, theft or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that

the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgments by management.

Budgetary Control: Each year, on or before September 15th, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Fund, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council. After adoption, changes to a departmental budget may be made through the use of line item transfers, initiated by a department head, and approved by the City Manager and Finance Director. Any changes to the budget outside of an individual department can only be made by a City Council ordinance. Any revisions that alter the total expenditures of any fund must be adopted by the City Council.

Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Taylor for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the requirements of the Certificate of Achievement Program to submit to GFOA to determine its eligibility for another certificate.

The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department and all department head directors. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and the City Council for their continued interest and support for maintaining the highest standards of professionalism in the management of the City of Taylor financial operations.

Furthermore, the work of the independent auditors from BrooksCardiel, PLLC, is greatly appreciated.

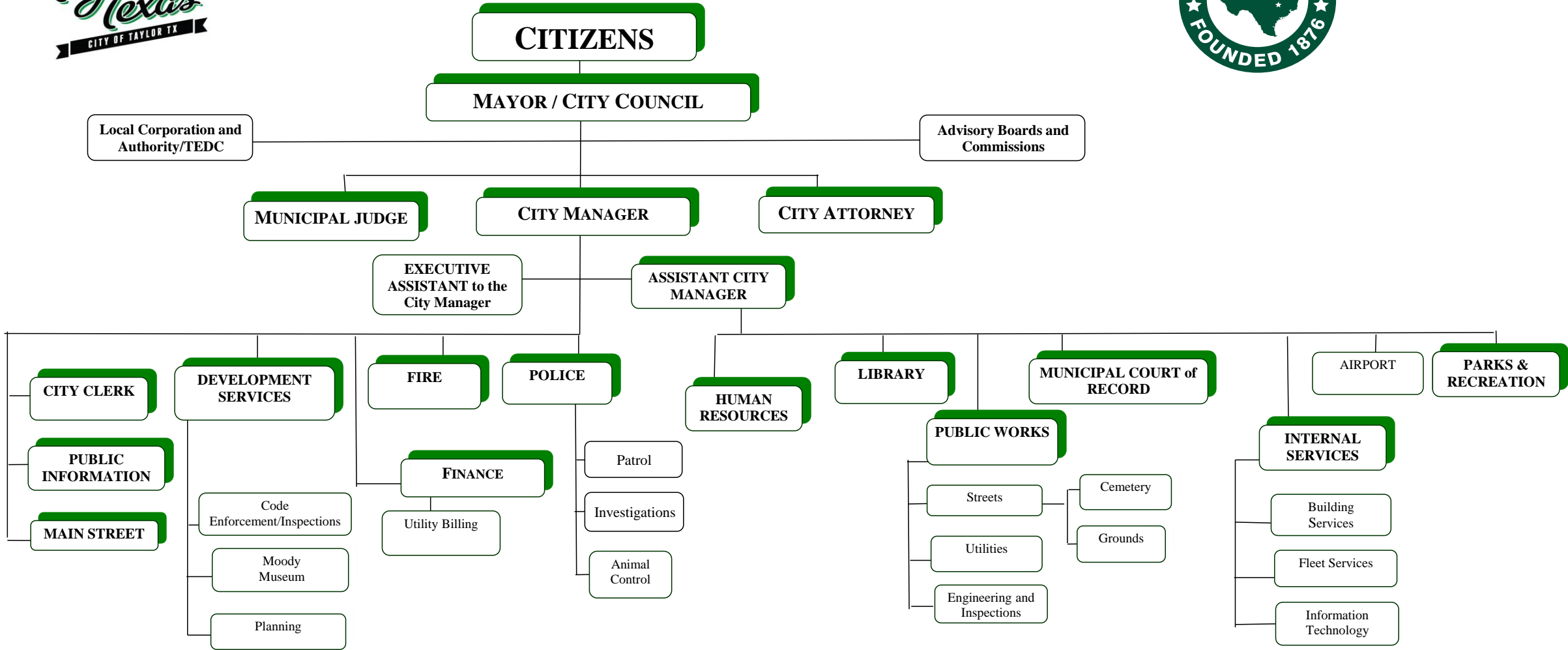
Respectfully submitted,

A handwritten signature in blue ink that reads "Rosemarie Dennis". The signature is written in a cursive, flowing style.

Rosemarie Dennis
Finance Director



CITY OF TAYLOR ORGANIZATIONAL CHART



City of Taylor, Texas

PRINCIPAL OFFICIALS

September 30, 2016

City Council

Jesse Ancira, Jr..... Mayor
Brandt Rydell..... Mayor Pro Tem
Christopher Gonzales..... Council Member
Christine Lopez..... Council Member
Robert Garcia..... Council Member

City Staff

Isaac Turner..... City Manager
Rocio Lopez Executive Assistant to the City Manager
Noel Bernal..... Assistant City Manager
Ted Hejl..... City Attorney
Susan Brock..... City Clerk
Rosemarie Dennis..... Director of Finance
Pat Ekiss..... Fire Chief
Karen Ellis..... Director, Library
Ashley Lumpkin..... Director of Planning & Development
Kim Peterson..... Director, Human Resources
Vacant..... Director of Public Works
Lisa Thompson..... Director of Internal Services
Holli Nelson..... Public Information Officer
Henry Fluck..... Police Chief



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Taylor
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Taylor, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, schedule of changes in net pension liability and related ratios, schedule of employee contributions to pension plan, and OPEB schedule of funding progress, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Brooks Cardiel, PLLC". The signature is written in a cursive, flowing style.

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
January 20, 2017



***MANAGEMENT'S DISCUSSION
AND ANALYSIS***



City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2016

As management of the City of Taylor, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the City exceeded its liabilities (net position) at September 30, 2016 by \$57,777,975.
- The City's total net position increased by \$1,055,001. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$10,843,009 at September 30, 2016, an increase of \$542,312 from the prior fiscal year; this includes an increase of \$426,621 in the general fund, a decrease of \$234,142 in the capital improvements fund, and an increase of \$90,999 in the I&S fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$3,285,095 or 30% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable decreased by \$2,920,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$44,400,000.
- The City's net pension liability totaled \$5,931,609 as of year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer, airport, and cemetery operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Taylor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21-23 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital improvements fund, and the I&S for CO bonds fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, I&S for CO bonds, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 24-29 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its public utilities, airport and cemetery operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance and purchase of equipment.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 34-41 of this report.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

Component Units

The City maintains the accounting and financial statements for one component unit. The Taylor Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 43-83 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's changes in net pension liability and employer contributions to the plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets exceed liabilities by \$57,777,975 as of September 30, 2016, in the primary government.

The largest portion of the City's net position, \$55,161,490, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2016

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2016			2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 11,453,433	\$ 2,011,985	\$ 13,465,418	\$ 11,357,847	\$ 1,413,592	\$ 12,771,439
Capital assets, net	61,032,019	36,924,000	97,956,019	61,073,463	37,956,751	99,030,214
Total Assets	72,485,452	38,935,985	111,421,437	72,431,310	39,370,343	111,801,653
Deferred Outflows of Resources	2,208,909	983,606	3,192,515	946,336	238,182	1,184,518
Other liabilities	764,373	690,579	1,454,952	1,033,831	559,021	1,592,852
Long-term liabilities	30,014,775	24,907,188	54,921,963	28,880,175	25,546,737	54,426,912
Total Liabilities	30,779,148	25,597,767	56,376,915	29,914,006	26,105,758	56,019,764
Deferred Inflows of Resources	393,419	65,643	459,062	208,623	34,810	243,433
Net Position:						
Net investment						
in capital assets	41,563,836	13,597,654	55,161,490	41,623,407	13,247,923	54,871,330
Restricted	3,248,859	-	3,248,859	2,787,325	-	2,787,325
Unrestricted	(1,290,901)	658,527	(632,374)	(1,155,715)	220,034	(935,681)
Total Net Position	\$ 43,521,794	\$ 14,256,181	\$ 57,777,975	\$ 43,255,017	\$ 13,467,957	\$ 56,722,974

Current assets of business-type activities were \$2,011,985 and \$1,413,592 as of September 30, 2016 and September 30, 2015, respectively. The increase of \$598,393 or 42% was primarily attributable to more cash reserves at year end due to an overall positive change in net position of \$788,224. Governmental activities current assets also increased by \$95,586 due to a significant increase in property tax revenue. Business-type activities capital assets decreased by \$1,032,751 due primarily to depreciation. Long-term liabilities for governmental activities increased by \$1,134,600. This increase is directly related to an increase in the City's net pension obligation.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2016			For the Year Ended September 30, 2015		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,369,957	\$ 10,014,943	\$ 11,384,900	\$ 2,299,207	\$ 6,868,209	\$ 9,167,416
Grants and contributions	673,865	24,580	698,445	612,061	530,695	1,142,756
General revenues:						
Property tax	7,389,970	-	7,389,970	6,858,118	-	6,858,118
Sales tax	2,962,203	-	2,962,203	2,952,740	-	2,952,740
Franchise and local taxes	939,301	-	939,301	1,087,771	-	1,087,771
Investment income	40,375	2,825	43,200	19,475	465	19,940
Other revenues	335,493	208,164	543,657	626,032	423,418	1,049,450
Total Revenues	13,711,164	10,250,512	23,961,676	14,455,404	7,822,787	22,278,191
Expenses						
General government	3,824,932	-	3,824,932	4,860,808	-	4,860,808
Culture and recreation	1,132,102	-	1,132,102	1,098,786	-	1,098,786
Community development	866,779	-	866,779	628,159	-	628,159
Public safety	5,292,525	-	5,292,525	5,233,324	-	5,233,324
Public works	2,767,401	-	2,767,401	2,839,114	-	2,839,114
Interest and fiscal charges	946,971	861,912	1,808,883	911,760	1,067,397	1,979,157
Public utility	-	5,287,437	5,287,437	-	5,167,958	5,167,958
Airport	-	386,176	386,176	-	407,521	407,521
Cemetery operating	-	178,182	178,182	-	146,682	146,682
Sanitation	-	1,362,258	1,362,258	-	-	-
Total Expenses	14,830,710	8,075,965	22,906,675	15,571,951	6,789,558	22,361,509
Change in Net Position Before Transfers	(1,119,546)	2,174,547	1,055,001	(1,116,547)	1,033,229	(83,318)
Transfers	1,386,323	(1,386,323)	-	1,251,871	(1,251,871)	-
Total	1,386,323	(1,386,323)	-	1,251,871	(1,251,871)	-
Change in Net Position	266,777	788,224	1,055,001	135,324	(218,642)	(83,318)
Beginning Net Position	43,255,017	13,467,957	56,722,974	43,119,693	13,686,599	56,806,292
Ending Net Position	\$ 43,521,794	\$ 14,256,181	\$ 57,777,975	\$ 43,255,017	\$ 13,467,957	\$ 56,722,974

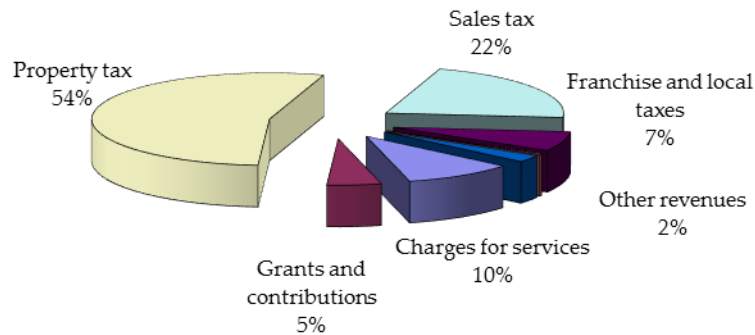
City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

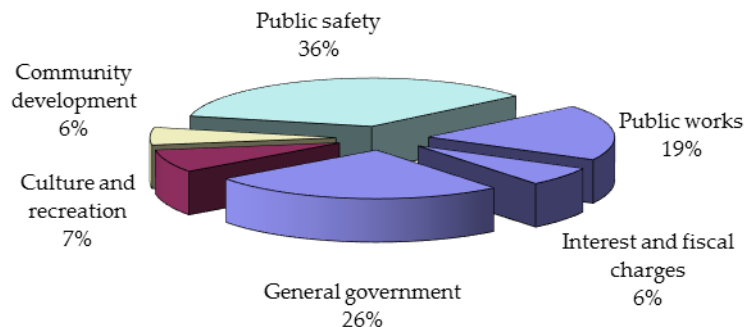
Governmental Activities - Revenues



For the year ended September 30, 2016, revenues from governmental activities totaled \$13,711,164. Property tax, charges for services and sales tax are the City's largest general revenue sources. Overall revenue decreased \$744,240 or 5% from the prior year. This decrease is a direct result of a reclassification of the sanitation activity from governmental activities to business-type activities. The sanitation fund is now presented with the proprietary funds. Property tax revenue increased \$531,852 due to an increase in property values and a growing tax base. Franchise tax increased by \$148,470 or 14% due to an improving economy and commercial development within the City. Sales tax revenue remained relatively stable when compared to the prior year. Other revenues decreased by \$290,539 due to significant contributions of infrastructure related to the development of a new neighborhood in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



City of Taylor, Texas

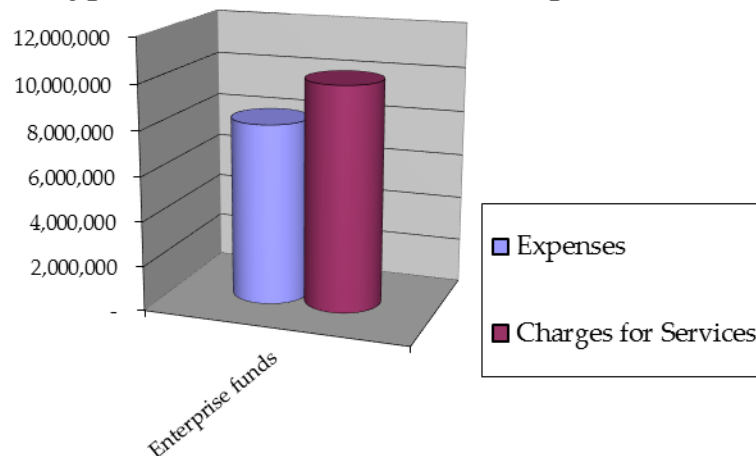
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

For the year ended September 30, 2016, expenses for governmental activities totaled \$14,830,710. This represents an decrease of \$741,241 or 5% from the prior year. As noted above, the City has reclassified its sanitation fund from governmental to business-type activities. This is the cause for the current year decrease. The City's largest functional expense is public safety totaling \$5,292,525. Public safety increased \$59,201 or 1% due when compared to the prior year. General government decreased by \$1,035,876 or 21% due to additional depreciation taken in vehicles and equipment as well as an increase in salaries and wages. Community development increased by \$238,620 or 38% due to primarily to a new 380 economic development grant of \$200,000. All remaining expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2016, charges for services by business-type activities totaled \$10,014,943. This is an increase of \$3,146,734, or 46%, from the previous year. This increase directly relates to an increase in the utility rates charged to customers and the reclassification of the sanitation fund to business-type activities. The City completed a utility rate study in November of 2015 which examined the future operating and capital financing requirements of the utility system and determine the adequacy of existing rates to meet the related requirements. The study recommended increases in both water and sewer rates which are to be phased in through 2019.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2016

The estimated increased revenues are noted in the following excerpt from the study:

YEAR	WATER	SEWER	COMBINED
2016	9.0%	34.0%	19.0%
2017	11.0%	18.0%	14.1%
2018	8.0%	12.0%	9.9%
2019	3.0%	3.0%	3.0%
2020	0.0%	0.0%	0.0%

Grants and contributions decreased by \$506,115 due to a nonrecurring CDBG grant received in the prior year. Other revenues decreased by \$215,254 or 51% due to more contributions received from developers during the prior year. All remaining revenues remained relatively consistent with the previous year.

Total expenses increased \$1,286,407 or 19% to a total of \$8,075,965. Public utility expenses totaled \$6,143,422 while airport, cemetery operations, and sanitation totaled \$392,103, \$178,182, and \$1,362,258, respectively. The largest decrease in expenses was seen in interest and fiscal charges. This decrease was due to the timing of interest payments and the refunding of debt obligations during the year. The reason for the overall increase was primarily the addition of the sanitation fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2016, the City's governmental funds reported combined fund balances of \$10,843,009, an increase of \$542,312 in comparison with the prior year. Approximately 30% of this amount, \$3,285,095, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted* or *committed* to indicate that it is 1) not in spendable form \$703,783, 2) committed \$708,239 or 3) restricted for particular purposes \$6,145,892.

As of the end of the year the general fund reflected a total fund balance of \$4,519,793. Of this, \$1,223,913 is considered restricted and \$3,285,095 is unassigned. General fund balance increased by

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2016

\$426,621. This increase can be attributed to a budgeted surplus as well as positive budget variances in overall revenue combined with positive expenditure budget variances in all functions.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$3,285,095 is 30% of total general fund operating expenditures.

The capital improvements fund had an ending fund balance of \$3,600,816 as of year end. Total fund balance decreased by \$234,142 from the prior year due to capital outlays exceeding total revenues. During the year, the City expended \$794,863 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$271,182 at September 30, 2016, an increase of \$90,999 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$2,127,008 and property tax revenue of \$2,005,846.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the public utility fund, totaled \$11,022,039. Unrestricted net position at the close of the fiscal year amounted to \$678,002, a total increase of \$676,983 from the previous year. Total investment in capital assets, net of related debt of was \$10,344,037, and capital assets, net of depreciation totaled \$33,504,263.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year decreasing total budgeted expenditures by \$62,841 and increasing total revenues by \$308,525 resulting in a net increase in budgeted fund balance of \$60,819. The primary reasons for the budget revision were due to higher than expected revenue from property taxes and permit revenue combined with lower than budgeted revenues in each department. Total budgeted revenues of \$10,186,639 were less than actual revenues of \$10,269,136, resulting in a total positive revenue variance of \$82,497. Total budgeted expenditures of \$11,076,876 were more than actual expenditures of \$10,887,315, resulting in a total positive expenditure variance of \$189,561. The positive variance in total expenditures was primarily due to various departments spending less than budgeted. No department was significantly under budget for the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$61,032,019 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$1,998,633. The City's business-type activities funds had invested \$36,924,000 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2016

Major capital asset events during the current year include the following:

- Hwy 95 Bike/Pedestrian Corridor construction, totaling \$312,045.
- New fire truck totaling \$1,030,100.
- New street sweeper totaling \$208,980.
- Purchase of vehicles in the equipment replacement fund totaling \$268,749.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation payable net of all premiums and discounts decreased by \$1,543,240 or 3.24% from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$46,141,429, net of all premiums and discounts.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy has remained stable and is showing signs of growth as evidenced by new construction activity. The City continues to make infrastructure improvements throughout the City.

City of Taylor has seen some growth and has made adjustments to meet the new challenges. The City's Strategic Plan provides a framework for the future. Meeting these challenges takes financial resources, a Council vision directing the Strategic Plan, and management team to implement it.

The City Council goal is that the General Fund maintains three months of operating expenditures as a minimum of undesignated reserves, which currently equates to \$3,063,610. At the end of fiscal year 2016, unassigned fund balance in the General Fund is \$3,285,095. It is intended that the available fund balance beyond the minimum be used for capital outlay and personnel. For the fiscal year 2017, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenue plus extraordinary unbudgeted expenditures.

The property tax rate for fiscal year 2016-17 is \$0.803893 per \$ 100 valuation. Of this tax rate 74 percent or \$0.599488 is utilized for General Fund activities. The remaining 26 percent or \$0.204405 is used for

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2016

debt service. The General Fund's portion of property tax revenue for fiscal year 2016-17 is estimated to be \$5,379,417. Sales tax revenue for fiscal year 2016-17 is budgeted at \$3,035,110.

The largest revenue source for the Utility Fund is water sales at \$4,609,689. A water and sewer rate study was completed and adopted by Council during fiscal year 2014-2015 and rate increase were implemented in the fiscal year 2015-16. The water and sewer rate increases are to fund future projects and built up reserves in the Utility Fund. The new rate system, which focuses on water conservation, implements an increasing tier rate which charges a higher price for water at higher levels of consumption. The second largest revenue source is sewer charges at \$4,095,083 based on the fiscal year 2016-17 base rate of \$ 25.00 plus \$ 5.99 per 1,000 gallons.

The City Council approved an ordinance establishing a Transportation User Fee (TUF) that applied to businesses and residents within the City of Taylor city limits. The new rate took effect in June of 2016. A flat fee of \$8.00 per residential unit was assessed with commercial being assessed a tier rates that ranged from tier 1 to tier 6 (\$25-\$133 per month). The total annual revenue generated from the TUF is projected to be \$773,916 for the fiscal year 2016-17. The TUF was designed to address a portion of the street repair and maintenance for Taylor's aged infrastructure but is not enough to meet the demands of all the poor rated streets.

The sanitation fee for residential garbage is a base charge of \$ 12.04 per month with change in rates in the budget for the fiscal year 2016-17. Additionally, the drainage fee remained at a \$2.00 per single family dwelling per month.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 400 Porter St., Taylor Texas 76574 or call (512) 352-5997.

FINANCIAL STATEMENTS

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City of Taylor, Texas
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Taylor EDC
<u>Assets</u>				
Cash and cash equivalents	\$ 8,515,595	\$ 1,024,637	\$ 9,540,232	\$ 1,364,544
Investments	1,353,506	-	1,353,506	-
Restricted cash-customer deposits	-	389,851	389,851	-
Receivables, net	1,051,827	961,068	2,012,895	176,542
Due from primary government	-	-	-	3,353
Internal balances	532,505	(532,505)	-	-
Inventories	-	168,934	168,934	-
	<u>11,453,433</u>	<u>2,011,985</u>	<u>13,465,418</u>	<u>1,544,439</u>
Land held for investment	-	-	-	499,430
Capital assets:				
Non-depreciable	3,293,545	1,764,043	5,057,588	-
Net depreciable capital assets	57,738,474	35,159,957	92,898,431	2,512,088
	<u>61,032,019</u>	<u>36,924,000</u>	<u>97,956,019</u>	<u>3,011,518</u>
Total Assets	<u>72,485,452</u>	<u>38,935,985</u>	<u>111,421,437</u>	<u>4,555,957</u>
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	585,575	712,750	1,298,325	-
Pension contributions	502,342	83,816	586,158	-
Pension investment earnings	1,120,992	187,040	1,308,032	-
Total Deferred Outflows of Resources	<u>2,208,909</u>	<u>983,606</u>	<u>3,192,515</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	671,350	188,577	859,927	8,791
Customer deposits	-	389,851	389,851	-
Accrued interest payable	89,670	112,151	201,821	5,023
Due to component unit	3,353	-	3,353	-
	<u>764,373</u>	<u>690,579</u>	<u>1,454,952</u>	<u>13,814</u>
Noncurrent liabilities:				
Due within one year	2,428,082	1,397,921	3,826,003	166,095
Due in more than one year	27,586,693	23,509,267	51,095,960	2,212,271
	<u>30,014,775</u>	<u>24,907,188</u>	<u>54,921,963</u>	<u>2,378,366</u>
Total Liabilities	<u>30,779,148</u>	<u>25,597,767</u>	<u>56,376,915</u>	<u>2,392,180</u>
<u>Deferred Inflows of Resources</u>				
Pension (gains) losses	393,419	65,643	459,062	-
<u>Net Position</u>				
Net investment in capital assets	41,563,836	13,597,654	55,161,490	143,121
Restricted for:				
Debt service	271,182	-	271,182	-
Community development	677,681	-	677,681	2,020,656
Cemetery land purchase	192,871	-	192,871	-
Moody museum	294,547	-	294,547	-
Library bequest funds	301,671	-	301,671	-
City match for grants	200,000	-	200,000	-
Cemetery - nonexpendable	703,783	-	703,783	-
Municipal court	106,172	-	106,172	-
Other purposes	500,952	-	500,952	-
Unrestricted	(1,290,901)	658,527	(632,374)	-
Total Net Position	<u>\$ 43,521,794</u>	<u>\$ 14,256,181</u>	<u>\$ 57,777,975</u>	<u>\$ 2,163,777</u>

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,824,932	\$ 795,794	\$ 320,450	\$ -
Culture and recreation	1,132,102	-	-	-
Community development	866,779	-	-	353,415
Public safety	5,292,525	248,042	-	-
Public works	2,767,401	326,121	-	-
Interest and fiscal charges	946,971	-	-	-
Total Governmental Activities	14,830,710	1,369,957	320,450	353,415
Business-Type Activities				
Public Utility	6,143,422	7,804,655	-	24,580
Airport	392,103	426,245	-	-
Cemetery Operating	178,182	145,705	-	-
Sanitation	1,362,258	1,638,338	-	-
Total Business-Type Activities	8,075,965	10,014,943	-	24,580
Total Primary Government	\$ 22,906,675	\$ 11,384,900	\$ 320,450	\$ 377,995
Component Units				
Taylor Economic Development Corporation	\$ 845,300	\$ -	\$ -	\$ -

General Revenues:

Taxes
 Property tax
 Sales tax
 Franchise and local taxes
 Investment income
 Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Taylor EDC
\$ (2,708,688)	\$ -	\$ (2,708,688)	\$ -
(1,132,102)	-	(1,132,102)	-
(513,364)	-	(513,364)	-
(5,044,483)	-	(5,044,483)	-
(2,441,280)	-	(2,441,280)	-
(946,971)	-	(946,971)	-
(12,786,888)	-	(12,786,888)	-
-	1,685,813	1,685,813	-
-	34,142	34,142	-
-	(32,477)	(32,477)	-
-	276,080	276,080	-
-	1,963,558	1,963,558	-
(12,786,888)	1,963,558	(10,823,330)	-
-	-	-	(845,300)
7,389,970	-	7,389,970	-
2,962,203	-	2,962,203	986,844
939,301	-	939,301	-
40,375	2,825	43,200	812
335,493	208,164	543,657	7,000
1,386,323	(1,386,323)	-	-
13,053,665	(1,175,334)	11,878,331	994,656
266,777	788,224	1,055,001	149,356
43,255,017	13,467,957	56,722,974	2,014,421
\$ 43,521,794	\$ 14,256,181	\$ 57,777,975	\$ 2,163,777

City of Taylor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2016

	General	Capital Improvements	I & S For CO Bonds
<u>Assets</u>			
Cash and cash equivalents	\$ 2,929,138	\$ 3,784,584	\$ 276,695
Investments	685,640	-	-
Receivables, net	905,538	-	45,676
Due from other funds	531,738	-	2,154
Total Assets	\$ 5,052,054	\$ 3,784,584	\$ 324,525
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 403,799	\$ 183,768	\$ 7,667
Due to other funds	2,154	-	-
Due to component unit	3,353	-	-
Total Liabilities	409,306	183,768	7,667
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	122,955	-	45,676
<u>Fund Balances</u>			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	271,182
Capital projects	-	3,600,816	-
Special revenue	-	-	-
Other purposes	1,223,913	-	-
Committed for:			
Drainage	10,785	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	3,285,095	-	-
Total Fund Balances	4,519,793	3,600,816	271,182
Total Liabilities and Fund Balances	\$ 5,052,054	\$ 3,784,584	\$ 324,525

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,489,868	\$ 8,480,285
667,866	1,353,506
100,613	1,051,827
203,945	737,837
<u>\$ 2,462,292</u>	<u>\$ 11,623,455</u>

\$ 11,074	\$ 606,308
-	2,154
-	3,353
<u>11,074</u>	<u>611,815</u>

<u>-</u>	<u>168,631</u>
----------	----------------

703,783	703,783
-	271,182
-	3,600,816
1,049,981	1,049,981
-	1,223,913
466,464	477,249
230,990	230,990
-	3,285,095
<u>2,451,218</u>	<u>10,843,009</u>
<u>\$ 2,462,292</u>	<u>\$ 11,623,455</u>

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City of Taylor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2016

Fund Balances - Total Governmental Funds	\$	10,843,009
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	3,293,545
----------------------------------	-----------

Capital assets - net depreciable	55,739,841
----------------------------------	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	168,631
---	---------

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Deferred charge on refunding	585,575
------------------------------	---------

Pension contributions	492,919
-----------------------	---------

Pension investment earnings	1,099,964
-----------------------------	-----------

Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position - governmental activities	36,656
--	--------

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension (gains) losses	(386,040)
------------------------	-----------

Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension liability	(4,988,074)
-----------------------	-------------

Other post employment benefits	(300,462)
--------------------------------	-----------

Accrued interest	(89,670)
------------------	----------

Bond premium	(746,579)
--------------	-----------

Bond discount	9,246
---------------	-------

Non-current liabilities due in one year	(2,074,590)
---	-------------

Non-current liabilities due in more than one year	(20,162,177)
---	--------------

Net Position of Governmental Activities	\$	43,521,794
--	-----------	-------------------

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2016

	General	Capital Improvements	I & S For CO Bonds
<u>Revenues</u>			
Property tax	\$ 5,248,233	\$ -	\$ 2,005,846
Sales tax	2,962,203	-	-
Franchise and local taxes	862,648	-	-
License and permits	282,906	-	-
Charges for services	198,873	-	-
Fines and forfeitures	237,530	-	-
Intergovernmental	236,409	353,415	-
Investment income	17,466	11,979	3,385
Other revenues	222,868	25,424	-
Total Revenues	10,269,136	390,818	2,009,231
<u>Expenditures</u>			
Current:			
General government	2,616,742	71,220	-
Culture and recreation	1,141,441	-	-
Community development	841,276	-	-
Public safety	5,134,332	-	-
Public works	1,153,524	-	-
Debt service:			
Principal retirement	-	-	1,435,000
Interest and fiscal charges	-	-	692,008
Bond issuance costs	-	-	95,074
Capital outlay	-	794,863	-
Total Expenditures	10,887,315	866,083	2,222,082
Excess of Revenues Over (Under) Expenditures	(618,179)	(475,265)	(212,851)
<u>Other Financing Sources (Uses)</u>			
Transfers in	1,609,200	241,123	130,025
Transfers (out)	(564,400)	-	(62,696)
Bond issuance	-	-	5,845,000
Premium	-	-	544,267
Payment to refunding bond escrow agent	-	-	(6,152,746)
Total Other Financing Sources (Uses)	1,044,800	241,123	303,850
Net Change in Fund Balances	426,621	(234,142)	90,999
Beginning fund balances	4,093,172	3,834,958	180,183
Ending Fund Balances	\$ 4,519,793	\$ 3,600,816	\$ 271,182

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 142,048	\$ 7,396,127
-	2,962,203
76,653	939,301
-	282,906
640,136	839,009
10,512	248,042
84,041	673,865
7,494	40,324
78,791	327,083
<u>1,039,675</u>	<u>13,708,860</u>
343,106	3,031,068
-	1,141,441
-	841,276
-	5,134,332
-	1,153,524
59,972	1,494,972
-	692,008
-	95,074
-	794,863
<u>403,078</u>	<u>14,378,558</u>
636,597	(669,698)
49,600	2,029,948
(427,363)	(1,054,459)
-	5,845,000
-	544,267
-	(6,152,746)
<u>(377,763)</u>	<u>1,212,010</u>
258,834	542,312
2,192,384	10,300,697
<u>\$ 2,451,218</u>	<u>\$ 10,843,009</u>

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City of Taylor, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 542,312
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	780,351
Depreciation expense	(1,929,187)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,157)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(166,685)
Compensated absences	(62,496)
Other post employment benefits	(2,293)
Accrued interest	14,571
Amortization of deferred charges on refunding	(137,283)
Amortization of bond premium and discounts	48,560
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments	1,494,972
Refunding bonds issued	(5,845,000)
Premiums on debt issued	(544,267)
Bonds refunded	5,660,000
Deferred charge due to refunding	489,540
Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(70,161)
Change in Net Position of Governmental Activities	\$ 266,777

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 5,057,997	\$ 5,243,460	\$ 5,248,233	\$ 4,773
Sales tax	3,054,715	2,892,329	2,962,203	69,874
Franchise and local taxes	859,425	853,310	862,648	9,338
License and permits	173,420	276,500	282,906	6,406
Charges for services	257,300	222,755	198,873	(23,882)
Fines and forfeitures	279,500	242,583	237,530	(5,053)
Intergovernmental	68,349	235,109	236,409	1,300
Investment income	20,000	17,080	17,466	386
Other revenues	107,408	203,513	222,868	19,355
Total Revenues	9,878,114	10,186,639	10,269,136	82,497
Expenditures				
Current:				
General government				
City council	130,557	128,586	148,502	(19,916)
City management	521,164	559,701	549,658	10,043
Public information	138,763	127,175	122,678	4,497
Human resources	191,018	180,243	174,312	5,931
Financial services	618,454	608,526	578,104	30,422
Municipal court	290,001	300,230	305,465	(5,235)
Building maintenance	406,501	392,476	397,534	(5,058)
Information technology	113,825	114,492	115,921	(1,429)
Nondepartmental	329,951	204,590	211,462	(6,872)
Library grant/donation	2,000	11,065	13,106	(2,041)
Total general government	2,742,234	2,627,084	2,616,742	10,342
Culture and recreation				
Moody museum	8,871	7,336	5,744	1,592
Public library	439,050	438,192	432,467	5,725
Parks and recreation	715,925	716,737	703,230	13,507
Total culture and recreation	1,163,846	1,162,265	1,141,441	20,824

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	\$ 722,820	\$ 875,778	\$ 769,251	\$ 106,527
Main Street program	71,077	71,330	72,025	(695)
Total community development	793,897	947,108	841,276	105,832
Public safety				
Fire department	2,105,918	2,077,116	2,034,922	42,194
Police department	2,843,571	2,919,178	2,917,460	1,718
Animal control	148,488	176,173	181,950	(5,777)
Total public safety	5,097,977	5,172,467	5,134,332	38,135
Public works				
Maintenance	1,226,137	1,104,928	1,093,464	11,464
Engineering and inspection	115,626	63,024	60,060	2,964
Total public works	1,341,763	1,167,952	1,153,524	14,428
Total Expenditures	11,139,717	11,076,876	10,887,315	189,561
Revenues Over (Under) Expenditures	(1,261,603)	(890,237)	(618,179)	272,058
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,609,200	1,591,700	1,609,200	17,500
Transfers (out)	(969,597)	(762,282)	(564,400)	197,882
Total Other Financing Sources (Uses)	639,603	829,418	1,044,800	215,382
Net Change in Fund Balance	\$ (622,000)	\$ (60,819)	426,621	\$ 487,440
Beginning fund balance			4,093,172	
Ending Fund Balance			\$ 4,519,793	

Notes to Financial Statement

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 509,657	\$ 198,423	\$ 247,035
Restricted cash:			
Customer deposits	389,851	-	-
Receivables, net	777,609	14,119	6,140
Due from other funds	-	1,360	-
Inventories	168,934	-	-
Total Current Assets	1,846,051	213,902	253,175
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	551,505	1,212,538	-
Net depreciable capital assets	32,952,758	2,198,169	9,030
Total Noncurrent Assets	33,504,263	3,410,707	9,030
Total Assets	35,350,314	3,624,609	262,205
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	706,987	5,763	-
Pension contributions	76,899	2,809	4,108
Pension investment earnings	171,604	6,268	9,168
Total Deferred Outflows of Resources	955,490	14,840	13,276
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	56,659	1,854	9,222
Customer deposits	389,851	-	-
Current maturities of long-term liabilities	1,367,921	30,000	-
Due to other funds	-	329,920	203,945
Accrued interest	111,723	428	-
Total Current Liabilities	1,926,154	362,202	213,167
<u>Noncurrent Liabilities</u>			
Long-term liabilities	22,519,204	141,883	-
Net pension liability	778,181	28,425	41,574
Total Liabilities	25,223,539	532,510	254,741
<u>Deferred Inflows of Resources</u>			
Pension (gains) losses	60,226	2,200	3,217
<u>Net Position</u>			
Net investment in capital assets	10,344,037	3,244,587	9,030
Unrestricted	678,002	(139,848)	8,493
Total Net Position	\$ 11,022,039	\$ 3,104,739	\$ 17,523

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 69,522	\$ 1,024,637	\$ 35,310
-	389,851	-
163,200	961,068	-
-	1,360	8,213
-	168,934	-
<u>232,722</u>	<u>2,545,850</u>	<u>43,523</u>
-	1,764,043	-
-	35,159,957	1,998,633
-	36,924,000	1,998,633
<u>232,722</u>	<u>39,469,850</u>	<u>2,042,156</u>
-	712,750	-
-	83,816	9,423
-	187,040	21,028
-	983,606	30,451
120,842	188,577	65,042
-	389,851	-
-	1,397,921	353,492
-	533,865	211,391
-	112,151	-
<u>120,842</u>	<u>2,622,365</u>	<u>629,925</u>
-	22,661,087	1,303,292
-	848,180	95,355
<u>120,842</u>	<u>26,131,632</u>	<u>2,028,572</u>
-	65,643	7,379
-	13,597,654	695,639
111,880	658,527	(658,983)
<u>\$ 111,880</u>	<u>\$ 14,256,181</u>	<u>\$ 36,656</u>

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2016

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Operating Revenues</u>			
Water revenue	\$ 4,396,254	\$ -	\$ -
Sewer revenue	3,408,401	-	-
Airport services	-	426,245	-
Cemetery services	-	-	145,705
Sanitation	-	-	-
Other income	143,416	-	6,848
Charges for services	-	-	-
Rents and royalties	57,900	-	-
Total Operating Revenues	8,005,971	426,245	152,553
<u>Operating Expenses</u>			
Personnel services	1,245,618	44,611	82,876
Contractual services	2,252,150	247,464	92,652
Material and supplies	299,106	2,039	2,152
Depreciation	1,370,232	92,062	502
Total Operating Expenses	5,167,106	386,176	178,182
Operating Income (Loss)	2,838,865	40,069	(25,629)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	2,825	-	-
Interest expense	(855,985)	(5,927)	-
Bond issuance costs	(120,331)	-	-
Total Nonoperating Revenues (Expenses)	(973,491)	(5,927)	-
Income Before Capital Contributions and Transfers	1,865,374	34,142	(25,629)
<u>Capital Contributions and Transfers</u>			
Capital grants and contributions	24,580	-	-
Transfers in	62,696	-	5,848
Transfers (out)	(1,275,667)	(15,000)	-
Change in Net Position	676,983	19,142	(19,781)
Beginning net position	10,345,056	3,085,597	37,304
Ending Net Position	\$ 11,022,039	\$ 3,104,739	\$ 17,523

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ -	\$ 4,396,254	\$ -
-	3,408,401	-
-	426,245	-
-	145,705	-
1,638,338	1,638,338	
-	150,264	8,410
-	-	575,391
-	57,900	-
1,638,338	10,223,107	583,801
-	1,373,105	154,303
1,362,258	3,954,524	427,530
-	303,297	-
-	1,462,796	400,483
1,362,258	7,093,722	982,316
276,080	3,129,385	(398,515)
-	2,825	51
-	(861,912)	(82,531)
-	(120,331)	(82,480)
-	(979,418)	(82,480)
276,080	2,149,967	(480,995)
-	24,580	-
-	68,544	410,834
(164,200)	(1,454,867)	-
111,880	788,224	(70,161)
-	13,467,957	106,817
\$ 111,880	\$ 14,256,181	\$ 36,656

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 8,008,814	\$ 422,226	\$ 149,933
Payments to suppliers and contractors	(2,605,536)	30,123	(89,659)
Payments to employees for salaries and benefits	(1,219,614)	(43,662)	(81,486)
Net Cash Provided (Used) by Operating Activities	4,183,664	408,687	(21,212)
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	(12,814)	-	5,848
Transfer (out)	(1,341,605)	(15,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,354,419)	(15,000)	5,848
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital grant	24,580	-	-
Purchases of capital assets	(136,723)	(293,320)	-
Principal paid on capital debt	(1,335,000)	(30,000)	-
Interest paid on capital debt	(868,719)	(6,873)	-
Net Cash (Used) by Capital and Related Financing Activities	(2,315,862)	(330,193)	-
<u>Cash Flows from Investing Activities</u>			
Interest on investments	2,825	-	-
Net Cash Provided by Investing Activities	2,825	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	516,208	63,494	(15,364)
Beginning cash and cash equivalents	383,300	134,929	262,399
Ending Cash and Cash Equivalents	\$ 899,508	\$ 198,423	\$ 247,035

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 1,475,138	\$ 10,056,111	\$ 583,801
(1,241,416)	(3,906,488)	(214,094)
-	(1,344,762)	(151,117)
233,722	4,804,861	218,590
-	(6,966)	410,834
(164,200)	(1,520,805)	-
(164,200)	(1,527,771)	410,834
-	24,580	-
-	(430,043)	(168,285)
-	(1,365,000)	(350,905)
-	(875,592)	(82,531)
-	(2,646,055)	(601,721)
-	2,825	51
-	2,825	51
69,522	633,860	27,754
-	780,628	7,556
\$ 69,522	\$ 1,414,488	\$ 35,310

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 2,838,865	\$ 40,069	\$ (25,629)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,370,232	92,062	502
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(3,708)	(4,019)	(2,620)
Due from other funds	-	279,120	-
Deferred Outflows of Resources:			
Pension contributions	5,901	215	316
Investment experience	(145,254)	(5,306)	(7,760)
Increase (Decrease) in:			
Accounts payable	15,826	506	5,145
Customer deposits	6,551	-	-
Due to other funds	(70,106)	-	-
Net pension liability	137,068	5,007	7,323
Deferred Inflows of Resources:			
Actual experience vs. assumption	28,289	1,033	1,511
Net Cash Provided (Used) by Operating Activities	\$ 4,183,664	\$ 408,687	\$ (21,212)
<u>Schedule of Non-Cash Capital and Related</u>			
<u>Financing Activities</u>			
Capital lease issuance	\$ -	\$ -	\$ -
Debt refunding	\$ 7,065,000	\$ -	\$ -

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 276,080	\$ 3,129,385	\$ (398,515)
-	1,462,796	400,483
(163,200)	(173,547)	-
-	279,120	163,170
-	6,432	723
-	(158,320)	(17,799)
120,842	142,319	50,266
-	6,551	-
-	(70,106)	-
-	149,398	16,796
-	30,833	3,466
<u>\$ 233,722</u>	<u>\$ 4,804,861</u>	<u>\$ 218,590</u>

\$ -	\$ -	\$ 1,339,590
\$ -	\$ 7,065,000	\$ -

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City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Taylor, Texas is a municipal corporation incorporated under *Article XI, Section 5* of the *Constitution of the State of Texas (Home Rule Amendment)* in 1914. The City operates under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Taylor Economic Development Corporation (the "TEDC"), although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Taylor Economic Development Corporation

The Taylor Economic Development Corporation (the "TEDC") serves all citizens of the City and is governed by a five member board of directors appointed by the Taylor City Council. An Executive Director is appointed by the TEDC board to carry out the Board's administrative and policy initiatives. The TEDC is a 4A Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the TEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separately issued audited financial statements are available from TEDC, 316 North Main, Taylor, TX 76574.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, and community development.

Capital Improvements Fund

The capital improvements fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

I&S for CO Bonds Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the I & S for CO Bonds fund is restricted exclusively for debt service expenditures.

The government reports the following major enterprise funds:

Public Utilities Fund

Water and wastewater services provided by the City are accounted for in the public utilities fund. Activities of the fund include administration, operation and maintenance of the water and wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Airport

The Airport fund accounts for the administration, operation and maintenance of the municipal airport.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Cemetery Operating Fund

The Cemetery operating fund accounts for the administration, operation and maintenance of the cemetery.

Sanitation Fund

The Sanitation fund accounts for the operation and maintenance of the sanitation department.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the hotel/motel tax, Texas capital, main street revenue, cemetery land purchases, municipal court special fee, tax increment, drainage and transportation user fee funds.

Internal Service Funds

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service funds include the equipment services and equipment replacement funds.

Permanent Fund

Chapter 6 Section 6-8 of the City Code establishes a cemetery trust fund subject to control of the City Council. Interest income from the investment of the permanent fund is to be used for beautification and upkeep of the cemetery. The City's only permanent fund is the cemetery permanent fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

As of September 30, 2016, The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of operating expenditures of that fund.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

responsibility of the Williamson County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the rate of the previous year.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. In the event of termination, resignation or retirement, all full time employees, other than policeman and firemen, will be reimbursed for accrued vacation time up to 120 hours. Policeman and firemen, upon termination, resignation or retirement, will be reimbursed for accrued sick and vacation time according to civil service regulations. For all other employees, sick leave is not paid at termination or retirement.

All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utility fund, airport fund, cemetery operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, I&S for CO bonds, hotel/motel tax, Texas capital, main street revenue, cemetery land purchases, municipal court security and technology, tax increment fund, drainage, transportation user fee, cemetery permanent, and enterprise funds. Capital project funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget appropriation was made during the year.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

A. Expenditures Over Appropriations

For the year ended September 30, 2016, expenditures exceeded appropriations at the legal level of control as follows:

I&S for CO Bonds	\$219,244
Transportation Fee	\$76,490

B. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	<u>Restricted</u>	<u>Committed</u>
Debt service	\$ 271,182	\$ -
Capital projects	3,600,816	-
Community redevelopment	677,681	-
Cemetery land purchase	192,871	-
Municipal court	* 106,172	-
Moody museum	294,547	-
Library bequest funds	301,671	-
Roadway impact fees	105,540	-
PEG Fees	132,789	
City match for grants	200,000	
Other purposes	262,623	-
Drainage	-	477,249
Road maintenance	-	230,990
Total	<u>\$ 6,145,892</u>	<u>\$ 708,239</u>

* Restricted by enabling legislation

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2016, the primary government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating
Municipal bonds	\$ 1,264,946	1.19	AAAm
Mutual funds	88,560	0.0	n/a
External investment pools	9,481,554	0.119	AA+
Total fair value	\$ 10,835,060		
Portfolio weighted average maturity		0.243	

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2016, the City's investment in investment pools were rated AAAm by Standard & Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2016, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal.

Texas CLASS

MBIA is a participant of the Texas CLASS program. Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are remeasured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's financial instruments consist of cash and cash equivalents, investments in certificates of deposits maturing in greater than three months, and accounts receivable. The estimated fair value of cash, cash equivalents, investments, and accounts receivable approximate their carrying amounts due to the short-term nature of these instruments.

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2016.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 88,560	\$ 88,560	\$ -	\$ -
Municipal Bonds	1,264,946	1,264,946	-	-
Total Assets at fair value	<u>\$ 1,353,506</u>	<u>\$ 1,353,506</u>	<u>\$ -</u>	<u>\$ -</u>

C. Receivables

The following comprise receivable balances of the primary government at year end:

		Business-Type Activities			Total
		Public Utilities	Airport	Cemetery Operating	
Accounts	\$ 783,961	\$ 14,119	\$ 6,140	\$ 165,891	\$ 970,111
Allowance	(6,352)	-	-	(2,691)	(9,043)
	<u>\$ 777,609</u>	<u>\$ 14,119</u>	<u>\$ 6,140</u>	<u>\$ 163,200</u>	<u>\$ 961,068</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Governmental Activities				
	General	I&S for CO Bonds	Nonmajor Governmental	Total
Property taxes	\$ 122,955	\$ 45,676	\$ -	\$ 168,631
Sales tax	520,969	-	-	520,969
Franchise taxes	231,646	-	-	231,646
Accounts	-	-	104,477	104,477
Other	29,968	-	-	29,968
Allowance	-	-	(3,864)	(3,864)
	<u>\$ 905,538</u>	<u>\$ 45,676</u>	<u>\$ 100,613</u>	<u>\$ 1,051,827</u>

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,462,677	\$ 87,247	\$ -	\$ 2,549,924
Construction in progress	3,181,379	569,186	(3,006,944)	743,621
Total capital assets not being depreciated	<u>5,644,056</u>	<u>656,433</u>	<u>(3,006,944)</u>	<u>3,293,545</u>
Capital assets, being depreciated:				
Streets and bridges	48,818,769	-	3,006,944	51,825,713
Parks and dams	13,116,338	-	-	13,116,338
Sidewalks, curbs and gutters	1,622,626	-	-	1,622,626
Buildings and improvements	9,557,259	-	-	9,557,259
Operating equipment	3,232,126	123,918	(85,264)	3,270,780
Equipment in internal service funds	2,558,038	1,507,875	(52,527)	4,013,386
Total capital assets being depreciated	<u>78,905,156</u>	<u>1,631,793</u>	<u>2,869,153</u>	<u>83,406,102</u>
Less accumulated depreciation				
Streets and bridges	13,303,447	1,228,724	-	14,532,171
Parks and dams	2,216,473	329,558	-	2,546,031
Sidewalks, curbs and gutters	411,081	39,660	-	450,741
Buildings and improvements	2,822,402	262,326	-	3,084,728
Operating equipment	3,055,549	68,919	(85,264)	3,039,204
Equipment in internal service funds	1,666,797	400,483	(52,527)	2,014,753
Total accumulated depreciation	<u>23,475,749</u>	<u>2,329,670</u>	<u>(137,791)</u>	<u>25,667,628</u>
Net capital assets being depreciated	<u>55,429,407</u>	<u>(697,877)</u>	<u>3,006,944</u>	<u>57,738,474</u>
Total Capital Assets	<u><u>\$ 61,073,463</u></u>	<u><u>\$ (41,444)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,032,019</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Depreciation was charged to governmental functions as follows:

General government	\$ 212,177
Public safety	116,246
Public works	1,600,764
Internal service funds	400,483
Total Governmental Activities Depreciation Expense	<u>\$ 2,329,670</u>

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,317,035	\$ -	\$ -	\$ 1,317,035
Construction in progress	107,088	339,920	-	447,008
Total capital assets not being depreciated	<u>1,424,123</u>	<u>339,920</u>	<u>-</u>	<u>1,764,043</u>
Capital assets, being depreciated:				
Plant distribution and collection	46,003,137	83,623	-	46,086,760
Buildings	7,638,503	-	-	7,638,503
Runway	2,238,416	-	-	2,238,416
Equipment	928,717	6,500	-	935,217
Total capital assets being depreciated	<u>56,808,773</u>	<u>90,123</u>	<u>-</u>	<u>56,898,896</u>
Less accumulated depreciation				
Plant distribution and collection	16,143,926	1,198,197	-	17,342,123
Buildings	2,608,400	195,566	-	2,803,966
Runway	633,093	55,960	-	689,053
Equipment	890,724	13,073	-	903,797
Total accumulated depreciation	<u>20,276,143</u>	<u>1,462,796</u>	<u>-</u>	<u>21,738,939</u>
Net capital assets being depreciated	<u>36,532,630</u>	<u>(1,372,673)</u>	<u>-</u>	<u>35,159,957</u>
Total Capital Assets	<u>\$ 37,956,753</u>	<u>\$ (1,032,753)</u>	<u>\$ -</u>	<u>\$ 36,924,000</u>

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,370,232
Airport	92,062
Cemetery	502
Total Business-type Activities Depreciation Expense	<u>\$ 1,462,796</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

A summary of changes in discretely presented component unit capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets not being depreciated				
Construction in progress	\$ 2,256,833	\$ 296,673	\$ (2,553,506)	\$ -
Total capital assets not being depreciated	<u>2,256,833</u>	<u>296,673</u>	<u>(2,553,506)</u>	<u>-</u>
Capital assets being depreciated				
Industrial building	\$ -	\$ -	\$ 2,553,506	\$ 2,553,506
Commercial sign	-	17,244	-	17,244
Office Equipment	25,023	-	-	25,023
Total capital assets being depreciated	<u>25,023</u>	<u>17,244</u>	<u>2,553,506</u>	<u>2,595,773</u>
Less accumulated depreciation				
Industrial building	-	51,719	-	51,719
Commercial sign	-	144	-	144
Office Equipment	25,023	-	-	25,023
Total Accumulated Depreciation	<u>25,023</u>	<u>51,863</u>	<u>-</u>	<u>76,886</u>
Total Capital Assets, Net	<u><u>\$ 2,256,833</u></u>	<u><u>\$ 262,054</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,518,887</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2016. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Bonds, notes and other payables:						
General Obligation Bonds	\$ 6,840,000	\$ 5,845,000	\$ (980,000)	\$ (550,000)	\$ 11,155,000	\$ 950,000
Combination Tax and Revenue Certificates of Obligation	15,775,000	-	(455,000)	(5,110,000)	10,210,000	340,000
Less deferred amounts:						
For discounts	(11,558)	-	2,312	-	(9,246)	-
For premiums	253,184	544,267	(50,872)	-	746,579	-
Total Bonds Payable	<u>22,856,626</u>	<u>6,389,267</u>	<u>(1,483,560)</u>	<u>(5,660,000)</u>	<u>22,102,333</u>	<u>1,290,000</u>
Texas Department of Commerce Obligation	59,972	-	(59,972)	-	-	-
Note Payable - internal service fund	285,899	-	(57,352)	-	228,547	58,840
Capital Lease - internal service fund	379,215	1,339,590	(293,553)	-	1,425,252	291,965
Other Post Employment Benefits	298,169	2,293	-	-	300,462	-
Compensated Absences	809,271	393,815	(331,319)	-	871,767	784,590
Compensated Absences - internal service fund	2,985	2,985	(2,985)	-	2,985	2,687
Net Pension Liability	4,109,479	878,595	-	-	4,988,074	-
Net Pension Liability - internal service	78,559	16,796	-	-	95,355	-
Total Governmental Activities	<u>\$ 28,880,175</u>	<u>\$ 9,023,341</u>	<u>\$ (2,228,741)</u>	<u>\$ (5,660,000)</u>	<u>\$ 30,014,775</u>	<u>\$ 2,428,082</u>
Long-term liabilities due in more than one year					<u>\$ 27,586,693</u>	
Business-Type Activities:						
General Obligation Bonds	\$ 4,055,000	\$ 6,760,000	\$ (1,060,000)	\$ -	\$ 9,755,000	\$ 1,070,000
Combination Tax and Revenue Certificates of Obligation	20,650,000	-	(305,000)	(7,065,000)	13,280,000	310,000
Less deferred amounts:						
For discounts	(10,669)	-	2,134	-	(8,535)	-
For premiums	133,712	936,064	(57,145)	-	1,012,631	-
Total Bonds Payable	<u>24,828,043</u>	<u>7,696,064</u>	<u>(1,420,011)</u>	<u>(7,065,000)</u>	<u>24,039,096</u>	<u>1,380,000</u>
Compensated Absences	19,912	33,945	(33,945)	17,921	19,912	17,921
Net Pension Liability	698,782	149,398	-	-	848,180	-
Total Business-Type Activities	<u>\$ 25,546,737</u>	<u>\$ 7,879,407</u>	<u>\$ (1,453,956)</u>	<u>\$ (7,047,079)</u>	<u>\$ 24,907,188</u>	<u>\$ 1,397,921</u>
Long-term liabilities due in more than one year					<u>\$ 23,509,267</u>	
Component Unit Activities:						
Line of Credit	\$ 1,929,659	\$ 551,779	\$ (105,672)	-	\$ 2,375,766	\$ 163,495
Compensated Absences	2,471	129	-	-	2,600	2,600
Total Component Unit Activities	<u>\$ 1,932,130</u>	<u>\$ 551,908</u>	<u>\$ (105,672)</u>	<u>\$ -</u>	<u>\$ 2,378,366</u>	<u>\$ 166,095</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$8,995,000 General Obligation Refunding Bonds, Series 2009, due in installments through 2029, interest at 2% to 4%	\$ 1,290,000	\$ 1,000,000	\$ 2,290,000
\$3,945,000 General Obligation Refunding Bonds, Series 2010, due in installments through 2022, interest at 1.5% to 4%	600,000	785,000	1,385,000
\$5,450,000 General Obligation Refunding Bonds, Series 2012, due in installments through 2025, interest at 1% to 2.5%	3,735,000	1,255,000	4,990,000
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	2,585,000	1,650,000	4,235,000
\$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	5,065,000	8,010,000
Total General Obligation bonds	\$ 11,155,000	\$ 9,755,000	\$ 20,910,000
Combination Tax and Revenue Certificates of Obligation:			
\$4,200,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, due in annual installments through 2026, interest at 4.45%	\$ -	\$ 4,000,000	\$ 4,000,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	2,805,000	6,950,000	9,755,000
\$9,615,000 Combination Tax and Revenue Certificates of Obligation, Series 2008, due in annual installments through 2028, interest at 4.85% to 7%	400,000	600,000	1,000,000
\$8,780,000 Combination Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments through 2034, interest at 4.25% to 5%	1,530,000	1,730,000	3,260,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2032, interest at 4.25% to 5%	2,525,000	-	2,525,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,950,000	-	2,950,000
Total Combination Tax and Revenue/Certificates of Obligation	\$ 10,210,000	\$ 13,280,000	\$ 23,490,000

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	\$ 737,333	\$ 1,004,096	\$ 1,741,429
Total deferred amounts	<u>737,333</u>	<u>1,004,096</u>	<u>1,741,429</u>
Notes Payable			
\$300,000 Note Payable to Citizens Bank, due in montly installments of \$5,329 through June 2020, interest at 2.5%	228,547	-	285,899
Capital Leases Payable:			
\$196,493 Capital lease payable to John Deere, due in annual installments of \$4,733 through 2017, interest at 3.3%	45,391	-	45,391
\$10,300 Capital lease payable to John Deere, due in annual installments of \$229 through 2018, interest at 3.3%	2,476	-	2,476
\$169,727 Capital lease payable to GCC, due in annual installments of \$28,815 through 2017, interest at 5.02%	53,560	-	53,560
\$328,124 Capital lease payable to Holman, due in quarterly installments of \$17,634 through 2018, interest at 2.79%	136,746	-	136,746
\$1,030,100 Capital lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	978,157	-	978,157
\$496,000 Capital lease payable to JP Morgan Chase, due in quarterly installments of \$103,218 through 2020, interest at 1.79%	208,922	-	208,922
Total Capital Leases Payable	<u>1,425,252</u>	<u>-</u>	<u>1,425,252</u>
Compensated Absences	874,752	19,912	894,664
Other Post Employment Benefits	300,462	-	300,462
Net Pension Liability	5,083,429	848,180	5,931,609
Total Debt	<u><u>\$ 30,014,775</u></u>	<u><u>\$ 24,907,188</u></u>	<u><u>\$ 54,921,963</u></u>

In order to fund the construction of the industrial building, the Economic Development Corporation obtained credit financing from Citizens National Bank in April 2015. The maximum principal to be financed is \$3,500,000. The total amount drawn through September 30, 2016 was \$2,375,766. Interest accrues at 3.95% annually for the first five years and adjusts to the prime rate plus .75% through the date of maturity. Principal payments are due monthly and commenced in February 2016. Total principal payments during the current year amounted to \$105,672. The line of credit matures in August 2028.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

General Obligation Bonds				
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 950,000	\$ 329,126	\$ 1,070,000	\$ 334,267
2018	975,000	300,740	460,000	296,327
2019	705,000	270,292	480,000	281,915
2020	975,000	251,490	695,000	266,837
2021	1,060,000	227,285	440,000	247,137
2022	1,085,000	201,273	450,000	236,821
2023	1,120,000	174,656	440,000	226,276
2024	745,000	148,197	250,000	216,283
2025	595,000	131,442	405,000	211,060
2026	320,000	117,800	400,000	202,600
2027	-	105,000	1,115,000	186,600
2028	-	105,000	1,615,000	142,000
2029	400,000	105,000	40,000	77,400
2030	410,000	89,000	355,000	75,800
2031	430,000	72,600	360,000	61,600
2032	440,000	55,400	380,000	47,200
2033	465,000	37,800	395,000	32,000
2034	480,000	19,200	405,000	16,200
Total	\$ 11,155,000	\$ 2,741,301	\$ 9,755,000	\$ 3,158,323

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Combination Tax and Revenue Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 340,000	\$ 186,321	\$ 310,000	\$ 543,435
2018	365,000	180,532	995,000	529,455
2019	620,000	174,438	1,065,000	489,508
2020	390,000	163,245	905,000	446,599
2021	350,000	156,800	1,180,000	410,361
2022	355,000	151,235	1,230,000	361,959
2023	365,000	145,570	1,280,000	311,497
2024	765,000	139,368	1,605,000	258,975
2025	955,000	125,389	1,520,000	192,286
2026	1,265,000	107,604	1,585,000	131,095
2027	1,300,000	83,508	960,000	64,810
2028	815,000	58,732	345,000	27,412
2029	470,000	42,825	300,000	12,750
2030	485,000	34,300	-	-
2031	500,000	25,500	-	-
2032	525,000	16,425	-	-
2033	345,000	6,900	-	-
Total	\$ 10,210,000	\$ 1,798,690	\$ 13,280,000	\$ 3,780,141

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

The annual requirements to amortize capital leases outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2017	\$ 291,965	\$ 50,586	\$ 342,551
2018	251,052	2,591	253,644
2019	73,074	36,400	109,474
2020	60,655	32,441	93,096
2021	62,953	28,368	91,322
2022	65,339	25,982	91,322
2023	67,816	23,506	91,322
2024	70,386	20,936	91,322
2025	73,054	18,268	91,322
2026	75,822	15,500	91,322
2027	78,696	12,626	91,322
2028	81,679	9,643	91,322
2029	84,774	6,548	91,322
2030	87,986	3,335	91,321
Total	\$ 1,425,252	\$ 286,731	\$ 1,711,983

The annual requirements to amortize notes and other obligations payable outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2017	\$ 58,840	\$ 5,111	\$ 63,951
2018	60,349	3,602	63,951
2019	61,897	2,054	63,951
2020	47,461	503	47,963
Total	\$ 228,547	\$ 11,269	\$ 239,816

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2009, 2010, 2012, 2015 and 2016 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$585,575 and \$712,750, respectively. Current year amortization expense for governmental and business-type activities totaled \$137,283 and \$58,645, respectively.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

G. Advance Refundings

On December 10, 2015, the City issued \$4,595,000 in general obligation refunding bonds with an interest rate of 2.089%. The proceeds were used to advance refund \$550,000 of outstanding 2005 general obligation bonds which had interest rates ranging from 3% to 4.3% and \$3,695,000 worth of 2008 combination tax and revenue bonds which had interest rates ranging from 4.85% to 7%. The net proceeds of \$4,532,914 (after payment of \$62,086 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$287,914. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments over 10 years by \$370,397 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$330,864.

On May 1, 2016, the City issued \$8,010,000 in general obligation refunding bonds with an interest rate of 4%. The proceeds were used to advance refund \$3,550,000 of outstanding 2008 combination tax and revenue bonds which had interest rates ranging from 4.85% to 7% and \$5,055,000 worth of 2010 combination tax and revenue bonds which had interest rates ranging from 4.25% to 5%. The net proceeds of \$9,458,906 (including premium of \$1,480,331 and after payment of \$156,525 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$853,806. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments over 18 years by \$1,590,602 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,355,472.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

H. Interfund Transactions

Transfers between the primary government funds during the 2016 year were as follows:

Transfer out:	Transfer In:							Total
	General	Capital Improvements	I&S for CO Bonds	Public Utilities	Nonmajor Governmental	Cemetery Operating	Equipment Replacement	
General	\$ -	\$ 164,633	\$ -	\$ -	\$ 14,600	\$ -	\$ 385,167	\$ 564,400
Nonmajor								
Governmental	180,000	76,490	130,025	-	35,000	5,848	-	427,363
Public Utilities	1,250,000	-	-	-	-	-	25,667	1,275,667
Airport	15,000	-	-	-	-	-	-	15,000
Sanitation	164,200	-	-	-	-	-	-	164,200
I&S for CO								
Bonds	-	-	-	62,696	-	-	-	62,696
Total	\$ 1,609,200	\$ 241,123	\$ 130,025	\$ 62,696	\$ 49,600	\$ 5,848	\$ 410,834	\$ 2,509,326

Transfers between funds were primarily to support capital projects and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2016 were as follows:

Due to (payable fund):	Due from (receivable fund):					Total
	General	I&S For CO Bonds	Nonmajor Governmental	Aiport	Equipment Service	
General	\$ -	\$ 2,154	\$ -	\$ -	\$ -	\$ 2,154
Airport	329,920	-	-	-	-	329,920
Cemetery Operating	-	-	203,945	-	-	203,945
Equipment Replacement	201,818	-	-	1,360	8,213	211,391
Total	\$ 531,738	\$ 2,154	\$ 203,945	\$ 1,360	\$ 8,213	\$ 747,410

Interfund receivables and payables related to negative cash positions in pooled cash equity and various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City was sued by a neighboring water supply corporation alleging that the City inversely condemned part of their property. The City denies any such claim and continues to defend itself. The possible outcome or range of losses associated with this claim could not be estimated at the time this financial report was prepared.

C. Construction commitments

The government has active construction projects as of September 30, 2016. In 2014, the City entered into a grant participation agreement with the Texas Department of Transportation (TxDOT) Aviation Division. This agreement included the rehabilitating, reconstructing, and re-making of runway and taxiway pavement surfaces at the Taylor Municipal Airport. The estimate for the airport construction project is \$2,918,200 with the city's share at \$469,792. The City recognized \$291,820 in expenditure with a \$177,972 remaining balance as of September 30, 2016.

The City was approved by the Williamson County Community Development Block Grant (CDBG) Entitlement Program through the Department of Housing and Urban Development (HUD) for \$350,000 in 2014 and \$350,000 in 2015. The City has two contracts with engineering firms and one grant administrator. Below summarizes the remaining balances as of September 30, 2016. At year end the government's commitments with contractors are as follows:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Project	Contract Amount	Spent-to-Date	Remaining Commitment
2014 & 2015 CDBG			
Langford Community Management	\$ 25,000	\$ 7,000	\$ 18,000
BSP Engineers	48,700	41,120	7,580
Sledge Engineering, LLC	15,500	10,850	4,650
Total	\$ 89,200	\$ 58,970	\$ 30,230

During the year ended in September 30, 2014, the City was approved by the Texas Parks and Wildlife in the amount of \$158,250 for a Cross Town Recreation Trail. The City has signed contracts with two engineering firms for this project in the amount of \$43,590 with \$8,440 remaining at September 30, 2016. As of September 30, 2016, the City recognized no grant proceeds.

On August 3, 2016, the City was approved by the Texas Parks and Wildlife to further develop 11.54 acre Fannie Robinson Park to include a recirculating sprayground, observation platform, improvements at existing softball field, and native landscaping with drip irrigation. The total cost of the project is \$250,000 with the state approved funding of \$125,000. The city has hired a grant administrator for this project in the amount of \$15,000. As of September 30, 2016, the City recognized no grant proceeds or expenditures.

The City has two contracts with engineering firms for the 4th Street Trail Repair (FEMA) Project in the amount of \$9,300 with \$690 remaining; \$9,100 with \$1,525 remaining as of September 30, 2016.

The City was approved for a grant through the Texas Department of Transportation (TxDot) for a Transportation Enhancement Project in the amount of \$1,467,709. As of September 30, 2016, the City recognized no grant proceeds and expended \$223,145. The City has two contracts with engineering firms related to this project in the amount of \$210,600 with \$47,292 remaining at September 30, 2016; \$34,600 with \$8,315 remaining at September 30, 2016.

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2016</u>	<u>Plan Year 2015</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	109
Active employees	<u>137</u>
Total	<u>324</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Taylor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Taylor, Texas were 12.56% and 12.20% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$812,004, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	<u>5.0%</u>	8.00%
Total	100.0%	

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/14	\$ 25,999,701	\$ 21,112,881	\$ 4,886,820
Changes for the year:			
Service cost	969,566	-	969,566
Interest	1,807,443	-	1,807,443
Difference between expected and actual experience	(453,575)	-	(453,575)
Changes of assumptions	67,202	-	67,202
Contributions – employer	-	856,984	(856,984)
Contributions – employee	-	477,619	(477,619)
Net investment income	-	31,157	(31,157)
Benefit payments, including refunds of emp. contributions	(1,327,734)	(1,327,734)	-
Administrative expense	-	(18,976)	18,976
Other changes	-	(937)	937
Net changes	1,062,902	18,113	1,044,789
Balance at 12/31/15	\$ 27,062,603	\$ 21,130,994	\$ 5,931,609

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 10,163,095	\$ 5,931,609	\$ 2,525,188

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the city recognized pension expense of \$1,010,217.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	\$ 1,308,032	\$ -
Changes in actuarial assumptions	-	(50,275)
Differences between expected and actual economic experience	-	509,337
Contributions subsequent to the measurement date	586,158	-
Total	\$ 1,894,190	\$ 459,062

The City reported \$586,158 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2016	\$ 168,816
2017	168,816
2018	221,989
2019	289,349
2020	-
Thereafter	-
	\$ 848,970

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2016

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2015	Plan Year 2016
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$5,282, \$4,601 and \$4,438, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates (*RETIREE-only portion of the rate*)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2014	0.07%	0.07%	100.0%
2015	0.07%	0.07%	100.0%
2016	0.08%	0.08%	100.0%

E. Deferred Compensation Plan

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$35,357 for the year ended September 30, 2016.

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. The City will pay the full premiums for the HMO insurance coverage for any retiree who retired between January 1, 2000 and August 11, 2005 until the 5th anniversary date after retirement unless anyone of the three events listed below, also pertaining to retirements after August 11, 2005, occurs. Employees retiring after August 11, 2005, shall not receive full premium payment from the City. The City will pay only the premium amount paid by the City for its active employees provided the retiree pays the difference, if any, between the amount paid by the City for active employees and the full premium required for the retiree HMO insurance coverage. Payments by the City will continue until the 5th anniversary date after retirement unless any one of the following three events occurs:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

1. The retiree attains the age of 65 years, or;
2. The retiree becomes eligible for hospitalization and medical insurance coverage by virtue of other employment; or
3. The retiree becomes eligible for disability retirement provided by the Federal Government that is paid for less than a 100% disability of the retiree.

Deferred Retirement Benefits

Employees who terminate their employment but do not formally retire under the Texas Municipal Retirement System are not eligible for retiree health care benefits. An employee must be covered by the City of Taylor's health insurance plan at the time of retirement.

Duty Death in Service Retirement Benefits

With the passage of SM 872, the City of Taylor will be required to do the following:

1. To provide health benefit coverage to the surviving spouse of a peace officer or firefighter killed in the line of duty at the same rate paid by current employees;
2. Allows an eligible survivor up to 180 days to apply for health coverage;
3. To provide an eligible surviving spouse coverage until the surviving spouse becomes eligible for federal Medicare benefits;
4. To provide an eligible minor coverage until the minor turns 18.

Non-duty in Service Retirement Benefits

Survivors of employees who die while actively employed are not eligible for retiree health care benefits.

Duty and Non-duty Disabled Retirement Benefits

Employees who retire under a disability retirement are eligible for retiree health care benefits as long as they are covered on the health insurance plan at the time of retirement and meet the criteria as listed under the normal retirement benefits.

Benefits for Spouses of Retired Employees

Retiree may purchase retiree health care coverage for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired member's insurance coverage will terminate the end of the month the retiree dies.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Non-Medicare and Medicare-Eligible Provisions

City of Taylor coverage ceases when the retiree becomes eligible for Medicare coverage. Retirees are required to enroll in Medicare once they are eligible. Retiree pays full Medicare premiums.

Vision Coverage

Vision coverage is part of the health insurance plan at no extra cost.

Dental Coverage

City of Taylor does not offer dental coverage for retirees or their dependents. This is offered as Cobra insurance. If the retiree is interested then the retiree pays the premium.

Life Insurance Coverage

Life insurance coverage is part of the Pension plan at \$7,500 for retirees and one times the annual salary for active employees.

Retiree Opt-Out

Retirees who decide to opt-out of the retiree health care plan will not be eligible to opt back in when coverage from cobra or another entity ceases. There is no additional premium payment provided for those who opt out of the retiree health care plan.

Benefits Paid By the Plan

Retiree medical coverage is the same coverage provided to active City of Taylor employees in accordance with the term and conditions of the current City's health plan. Employees retiring after August 11, 2005 the City of Taylor will play only the premium amount paid by the City for its active employees provided the retiree pays the difference.

Annual Other Post-Employment (OPEB) Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize annual unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

The annual OPEB cost for the fiscal year ended September 30, 2016, is as follows:

Annual required contribution	\$ 46,869
Interest on OPEB obligation	13,418
Adjustment to annual required contribution	(12,339)
Annual OPEB cost expense	<u>47,948</u>
Contributions made	<u>45,655</u>
Change in net OPEB obligation	2,293
Net OPEB Obligation-beginning of year	298,169
Net OPEB Obligation-end of year	<u><u>\$ 300,462</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the program, and the net OPEB obligation for 2016 and the two preceding years are as follows:

Fiscal Year	Annual OPEB Cost	Employer Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
				Beginning	Ending
2014	\$ 81,646	\$ 23,522	28.81%	\$ 228,351	\$ 286,475
2015	\$ 47,987	\$ 36,293	75.63%	\$ 286,475	\$ 298,169
2016	\$ 47,948	\$ 45,655	95.22%	\$ 298,169	\$ 300,462

Funding Status and Funding Progress

As of October 1, 2014, the most recent actuarial valuation date, the Program was 0.00 percent funded. The actuarial accrued liability for benefits was \$464,157, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$464,157. Covered payroll of active employees contributing to the plan was \$5,269,216 and the UAAL as a percentage of covered payroll was 8.81%.

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit cost
Amortization Method	Level Percent-of-Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	N/A
Investment Rate of Return	4.50%
Inflation Rate	3.00%
Salary Growth	3.00%
Healthcare Cost Trend Rate (Initial/Ultimate)	Initial rate of 5.0%, declining to an ultimate rate of 4.5% after 9 years

G. Related Party Transactions

The City contracts with Black Stallion Lawn Care for mowing and other lawn services. Black Stallion is jointly owned by Christine Lopez, Councilwoman, District 1. The Councilwoman has abstained from voting on the approval of this contract. The total amount paid under this contract was approximately \$53,000 for the year ended September 30, 2016.

H. Restatement

The City restated its beginning net position within government activities and the equipment replacement fund to properly reflect a correction of an error in liability balance. The below tables summarize the changes to net position as a result of this change.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2016

	<u>Governmental Activities</u>	<u>Equipment Replacement</u>
Prior year ending net position/ fund balance as reported	\$ 43,268,488	\$ 168,364
Correction of long-term debt balances	(13,471)	3,281
Restated beginning net position/fund balance	<u>\$ 43,255,017</u>	<u>\$ 171,645</u>

I. New Accounting Pronouncements

The, GASB has issued Statement No. 72, entitled *Fair Value Measurement and Application*; The provisions of GASB Statement No. 72 are effective for reporting periods beginning after June 15, 2015. GASB Statement No. 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement generally requires state and local governments to measure investments at fair value. The statement defines an *investment* as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. *Fair value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The City has adopted this statement during the current fiscal year but had no effect on these accompanying financial statements.

The, GASB has issued Statement No. 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 77; entitled, *Tax Abatement Disclosures*; GASB Statement No. 78, entitled, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which will require adoption in the future, if applicable. These statements may or will have a material effect on the City's financial statements once implemented. The City will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

J. Subsequent Events

Subsequent to yearend, the City issued \$5,400,000 City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2017. The debt will be for the purpose of funding several projects 1) Wastewater Treatment Plant \$2,225,000, 2) Airport Improvements \$1,445,000; and 3) Performance Contract (lighting and HVAC replacement for city facilities) \$1,620,740.

There were no other material subsequent events through the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

September 30, 2016

	12/31/2014	12/31/2015	¹
Total pension liability			
Service cost	\$ 849,391	\$ 969,566	
Interest	1,722,971	1,807,443	
Changes in benefit terms	-	-	
Differences between expected and actual experience	(316,854)	(453,575)	
Changes of assumptions	-	67,202	
Benefit payments, including refunds of participant contributions	(889,978)	(1,327,734)	
Net change in total pension liability	1,365,530	1,062,902	
Total pension liability - beginning	24,634,171	25,999,701	
Total pension liability - ending (a)	25,999,701	27,062,603	
Plan fiduciary net position			
Contributions - employer	\$ 816,847	\$ 856,984	
Contributions - members	443,939	477,619	
Net investment income	1,123,153	31,157	
Benefit payments, including refunds of participant contributions	(889,978)	(1,327,734)	
Administrative expenses	(11,725)	(18,976)	
Other	(964)	(937)	
Net change in plan fiduciary net position	1,481,272	18,113	
Plan fiduciary net position - beginning	19,631,609	21,112,881	
Plan fiduciary net position - ending (b)	\$ 21,112,881	\$ 21,130,994	
Fund's net pension liability - ending (a) - (b)	\$ 4,886,820	\$ 5,931,609	
 Plan fiduciary net position as a percentage of the total pension	 81.20%	 78.08%	
Covered employee payroll	\$ 6,341,992	\$ 6,823,122	
Fund's net position as a percentage of covered employee payroll	77.05%	86.93%	

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Last Ten Fiscal Years ¹

	<u>2016</u>	<u>2015</u>
Actuarially determined employer contributions	\$ 812,004	\$ 830,507
Contributions in relation to the actuarially determined contribution	\$ 812,004	\$ 830,507
Contribution deficiency (excess)	\$ -	\$ -
Annual covered employee payroll	\$ 6,602,710	\$ 6,572,876
Employer contributions as a percentage of covered employee payroll	12.30%	12.64%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes

There were no benefit changes during the year.

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City of Taylor, Texas
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT HEALTHCARE BENEFITS
September 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets a	Actuarial Accrued Liability (AAL) Entry Age b	Unfunded AAL (AAL) (b-a)	Funded Ratio a/b	Annual Covered Payroll c	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2010	\$ -	\$ 414,263	\$ 414,263	0%	\$ 6,005,819	6.90%
10/1/2012	\$ -	\$ 737,654	\$ 737,654	0%	\$ 5,113,561	14.43%
10/1/2014	\$ -	\$ 464,157	\$ 464,157	0%	\$ 5,269,216	8.81%

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***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Taylor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Assets</u>					
Cash and cash equivalents	\$ 63,980	\$ 4,252	\$ 5,025	\$ -	\$ 106,172
Investments	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other funds	-	-	-	203,945	-
Total Assets	\$ 63,980	\$ 4,252	\$ 5,025	\$ 203,945	\$ 106,172
<u>Liabilities</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 11,074	\$ -
Total Liabilities	-	-	-	11,074	-
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	63,980	4,252	5,025	192,871	106,172
Committed	-	-	-	-	-
Total Fund Balances	63,980	4,252	5,025	192,871	106,172
Total Liabilities and Fund Balances	\$ 63,980	\$ 4,252	\$ 5,025	\$ 203,945	\$ 106,172

<u>TIF</u>	<u>Drainage</u>	<u>Transportation User Fee</u>	<u>Total Nonmajor Special Revenue</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ 677,681	\$ 439,190	\$ 157,651	\$ 1,453,951	\$ 35,917	\$ 1,489,868
-	-	-	-	667,866	667,866
-	27,274	73,339	100,613	-	100,613
-	-	-	203,945	-	203,945
<u>\$ 677,681</u>	<u>\$ 466,464</u>	<u>\$ 230,990</u>	<u>\$ 1,758,509</u>	<u>\$ 703,783</u>	<u>\$ 2,462,292</u>
\$ -	\$ -	\$ -	\$ 11,074	\$ -	\$ 11,074
-	-	-	11,074	-	11,074
-	-	-	-	703,783	703,783
677,681	-	-	1,049,981	-	1,049,981
-	466,464	230,990	697,454	-	697,454
<u>677,681</u>	<u>466,464</u>	<u>230,990</u>	<u>1,747,435</u>	<u>703,783</u>	<u>2,451,218</u>
<u>\$ 677,681</u>	<u>\$ 466,464</u>	<u>\$ 230,990</u>	<u>\$ 1,758,509</u>	<u>\$ 703,783</u>	<u>\$ 2,462,292</u>

City of Taylor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2016

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	76,653	-	-	-	-
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	10,512
Intergovernmental	-	-	-	-	-
Other revenue	-	59,972	18,819	-	-
Investment income	-	-	-	566	-
Total Revenues	76,653	59,972	18,819	566	10,512
<u>Expenditures</u>					
General government	76,927	-	79,696	-	8,516
Debt service:					
Principal retirement	-	59,972	-	-	-
Total Expenditures	76,927	59,972	79,696	-	8,516
Revenues Over (Under)					
Expenditures	(274)	-	(60,877)	566	1,996
<u>Other Financing Sources</u>					
<u>(Uses)</u>					
Transfers in	-	-	49,600	-	-
Transfers (out)	(5,000)	-	-	-	-
Total Other Financing					
Sources (Uses)	(5,000)	-	49,600	-	-
Net Change in Fund					
Balances	(5,274)	-	(11,277)	566	1,996
Beginning fund balances	69,254	4,252	16,302	192,305	104,176
Ending Fund Balances	\$ 63,980	\$ 4,252	\$ 5,025	\$ 192,871	\$ 106,172

TIF	Drainage	Transportation User Fee	Total Nonmajor Special Revenue	Cemetery Permanent Fund	Total Nonmajor Governmental
\$ 142,048	\$ -	\$ -	\$ 142,048	\$ -	\$ 142,048
-	-	-	76,653	-	76,653
-	326,121	307,480	633,601	6,535	640,136
-	-	-	10,512	-	10,512
84,041	-	-	84,041	-	84,041
-	-	-	78,791	-	78,791
1,709	-	-	2,275	5,219	7,494
<u>227,798</u>	<u>326,121</u>	<u>307,480</u>	<u>1,027,921</u>	<u>11,754</u>	<u>1,039,675</u>
177,562	400	-	343,101	5	343,106
-	-	-	59,972	-	59,972
<u>177,562</u>	<u>400</u>	<u>-</u>	<u>403,073</u>	<u>5</u>	<u>403,078</u>
50,236	325,721	307,480	624,848	11,749	636,597
-	-	-	49,600	-	49,600
<u>(30,000)</u>	<u>(310,025)</u>	<u>(76,490)</u>	<u>(421,515)</u>	<u>(5,848)</u>	<u>(427,363)</u>
<u>(30,000)</u>	<u>(310,025)</u>	<u>(76,490)</u>	<u>(371,915)</u>	<u>(5,848)</u>	<u>(377,763)</u>
20,236	15,696	230,990	252,933	5,901	258,834
657,445	450,768	-	1,494,502	697,882	2,192,384
<u>\$ 677,681</u>	<u>\$ 466,464</u>	<u>\$ 230,990</u>	<u>\$ 1,747,435</u>	<u>\$ 703,783</u>	<u>\$ 2,451,218</u>

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City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL I&S FOR CO BONDS

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,915,770	\$ 1,997,200	\$ 2,005,846	\$ 8,646
Investment income	400	3,014	3,385	371
Total Revenues	<u>1,916,170</u>	<u>2,000,214</u>	<u>2,009,231</u>	<u>9,017</u>
Expenditures				
Debt service:				
Principal retirement	1,230,000	1,310,000	1,435,000	(125,000)
Interest and fiscal charges	817,795	692,838	692,008	830
Bond issuance costs	-	-	95,074	(95,074)
Total Expenditures	<u>2,047,795</u>	<u>2,002,838</u>	<u>2,222,082</u>	<u>(219,244) *</u>
Excess of Revenues Over (Under) Expenditures	<u>(131,625)</u>	<u>(2,624)</u>	<u>(212,851)</u>	<u>(210,227)</u>
Other Financing Sources (Uses)				
Transfers in	130,025	130,025	130,025	-
Transfers (out)	-	-	(62,696)	(62,696)
Issuance of bonds	-	-	5,845,000	5,845,000
Premium	-	-	544,267	544,267
Payment to refunding bond escrow agent	-	-	(6,152,746)	(6,152,746)
Total Other Financing Sources (Uses)	<u>130,025</u>	<u>130,025</u>	<u>303,850</u>	<u>173,825</u>
Net Change in Fund Balance	<u>\$ (1,600)</u>	<u>\$ 127,401</u>	<u>90,999</u>	<u>\$ (36,402)</u>
Beginning fund balance			180,183	
Ending Fund Balance			<u>\$ 271,182</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOTEL/MOTEL TAX

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Hotel occupancy tax	\$ 75,000	\$ 75,090	\$ 76,653	\$ 1,563
Total Revenues	<u>75,000</u>	<u>75,090</u>	<u>76,653</u>	<u>1,563</u>
<u>Expenditures</u>				
General government	89,250	76,927	76,927	-
Total Expenditures	<u>89,250</u>	<u>76,927</u>	<u>76,927</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,250)</u>	<u>(1,837)</u>	<u>(274)</u>	<u>1,563</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (19,250)</u>	<u>\$ (6,837)</u>	<u>(5,274)</u>	<u>\$ 1,563</u>
Beginning fund balance			69,254	
Ending Fund Balance			<u>\$ 63,980</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TEXAS CAPITAL

For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Other revenue	\$ 25,023	\$ 59,972	\$ 59,972	\$ -
Total Revenues	<u>25,023</u>	<u>59,972</u>	<u>59,972</u>	<u>-</u>
<u>Expenditures</u>				
Debt service:				
Principal retirement	25,023	59,972	59,972	-
Total Expenditures	<u>25,023</u>	<u>59,972</u>	<u>59,972</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Beginning fund balance			4,252	
Ending Fund Balance			<u>\$ 4,252</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MAIN STREET REVENUE

For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Other revenue	\$ 19,100	\$ 18,908	\$ 18,819	\$ (89)
Total Revenues	<u>19,100</u>	<u>18,908</u>	<u>18,819</u>	<u>(89)</u>
<u>Expenditures</u>				
General government	64,500	81,074	79,696	1,378
Total Expenditures	<u>64,500</u>	<u>81,074</u>	<u>79,696</u>	<u>1,378</u>
Excess of Revenues Over (Under) Expenditures	<u>(45,400)</u>	<u>(62,166)</u>	<u>(60,877)</u>	<u>1,289</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	49,600	49,600	49,600	-
Total Other Financing Sources (Uses)	<u>49,600</u>	<u>49,600</u>	<u>49,600</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 4,200</u>	<u>\$ (12,566)</u>	<u>(11,277)</u>	<u>\$ 1,289</u>
Beginning fund balance			16,302	
Ending Fund Balance			<u>\$ 5,025</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MUNICIPAL COURT SECURITY AND TECHNOLOGY For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 12,300	\$ 10,875	\$ 10,512	\$ (363)
Total Revenues	<u>12,300</u>	<u>10,875</u>	<u>10,512</u>	<u>(363)</u>
<u>Expenditures</u>				
General government	6,052	11,687	8,516	3,171
Total Expenditures	<u>6,052</u>	<u>11,687</u>	<u>8,516</u>	<u>3,171</u>
Net Change in Fund Balance	<u>\$ 6,248</u>	<u>\$ (812)</u>	1,996	<u>\$ 2,808</u>
Beginning fund balance			104,176	
Ending Fund Balance			<u>\$ 106,172</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TAX INCREMENT FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for services	\$ 150,354	\$ 142,048	\$ 142,048	\$ -
Intergovernmental	89,878	84,041	84,041	-
Investment income	305	1,470	1,709	239
Total Revenues	<u>240,537</u>	<u>227,559</u>	<u>227,798</u>	<u>239</u>
<u>Expenditures</u>				
General government	125,000	398,353	177,562	220,791
Total Expenditures	<u>125,000</u>	<u>398,353</u>	<u>177,562</u>	<u>220,791</u>
Excess of Revenues Over (Under) Expenditures	<u>115,537</u>	<u>(170,794)</u>	<u>50,236</u>	<u>221,030</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 85,537</u>	<u>\$ (200,794)</u>	<u>20,236</u>	<u>\$ 221,030</u>
Beginning fund balance			657,445	
Ending Fund Balance			<u>\$ 677,681</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DRAINAGE

For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 335,280	\$ 335,280	\$ 326,121	\$ (9,159)
Total Revenues	<u>335,280</u>	<u>335,280</u>	<u>326,121</u>	<u>(9,159)</u>
<u>Expenditures</u>				
General government	200	200	400	(200)
Total Expenditures	<u>200</u>	<u>200</u>	<u>400</u>	<u>(200)</u>
Excess of Revenues Over (Under) Expenditures	<u>335,080</u>	<u>335,080</u>	<u>325,721</u>	<u>(9,359)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(310,295)	(310,295)	(310,025)	270
Total Other Financing Sources (Uses)	<u>(310,295)</u>	<u>(310,295)</u>	<u>(310,025)</u>	<u>270</u>
Net Change in Fund Balance	<u>\$ 24,785</u>	<u>\$ 24,785</u>	15,696	<u>\$ (9,089)</u>
Beginning fund balance			450,768	
Ending Fund Balance			<u>\$ 466,464</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CEMETERY PERMANENT

For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 5,240	\$ 6,853	\$ 6,535	\$ (318)
Investment income	22,500	9,368	5,219	(4,149)
Total Revenues	<u>27,740</u>	<u>16,221</u>	<u>11,754</u>	<u>(4,467)</u>
<u>Expenditures</u>				
General government	10	10	5	5
Total Expenditures	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>
Excess of Revenues Over (Under) Expenditures	<u>27,730</u>	<u>16,211</u>	<u>11,749</u>	<u>(4,462)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(22,500)	(12,320)	(5,848)	6,472
Total Other Financing Sources (Uses)	<u>(22,500)</u>	<u>(12,320)</u>	<u>(5,848)</u>	<u>6,472</u>
Net Change in Fund Balance	<u>\$ 5,230</u>	<u>\$ 3,891</u>	5,901	<u>\$ 2,010</u>
Beginning fund balance			697,882	
Ending Fund Balance			<u>\$ 703,783</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TRANSPORTATION USER FEE For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for services	\$ -	\$ 260,363	\$ 307,480	\$ 47,117
Investment income	-	-	-	-
Total Revenues	<u>-</u>	<u>260,363</u>	<u>307,480</u>	<u>47,117</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>260,363</u>	<u>307,480</u>	<u>47,117</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(76,490)	(76,490) *
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(76,490)</u>	<u>(76,490)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 260,363</u>	<u>230,990</u>	<u>\$ (29,373)</u>
Beginning fund balance			-	
Ending Fund Balance			<u>\$ 230,990</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2016

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 35,310	\$ -	\$ 35,310
Due from other funds	8,213	-	8,213
Total Current Assets	<u>43,523</u>	<u>-</u>	<u>43,523</u>
<u>Noncurrent Assets</u>			
Capital assets:			
Machinery and equipment	-	1,998,633	1,998,633
Total Noncurrent Assets	<u>-</u>	<u>1,998,633</u>	<u>1,998,633</u>
Total Assets	<u>43,523</u>	<u>1,998,633</u>	<u>2,042,156</u>
<u>Deferred Outflows of Resources</u>			
Pension contributions	9,423	-	9,423
Pension investment earnings	21,028	-	21,028
Total Deferred Outflows of Resources	<u>30,451</u>	<u>-</u>	<u>30,451</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	36,268	28,774	65,042
Current maturities of			
long-term liabilities	2,687	350,805	353,492
Due to other funds	-	211,391	211,391
Total Current Liabilities	<u>38,955</u>	<u>590,970</u>	<u>629,925</u>
<u>Noncurrent Liabilities</u>			
Long-term liabilities	298	1,302,994	1,303,292
Net pension liability	95,355	-	95,355
Total Liabilities	<u>134,608</u>	<u>1,893,964</u>	<u>2,028,572</u>
<u>Deferred Inflows of Resources</u>			
Pension (gains) losses	7,379	-	7,379
<u>Net Position</u>			
Net investment in capital assets	-	695,639	695,639
Unrestricted	(68,013)	(590,970)	(658,983)
Total Net Position	<u>\$ (68,013)</u>	<u>\$ 104,669</u>	<u>\$ 36,656</u>

See Notes to Financial Statements.

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2016

	Equipment Services	Equipment Replacement	Total
<u>Operating Revenues</u>			
Charges for services	\$ 575,391	\$ -	\$ 575,391
Other revenue	1,899	6,511	8,410
Total Operating Revenues	<u>577,290</u>	<u>6,511</u>	<u>583,801</u>
<u>Operating Expenses</u>			
Personnel services	154,303	-	154,303
Contractual services	426,172	1,358	427,530
Depreciation	-	400,483	400,483
Total Operating Expenses	<u>580,475</u>	<u>401,841</u>	<u>982,316</u>
Operating Income (Loss)	<u>(3,185)</u>	<u>(395,330)</u>	<u>(398,515)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	-	51	51
Interest expense	-	(82,531)	(82,531)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(82,480)</u>	<u>(82,480)</u>
<u>Transfers</u>			
Transfers in	-	410,834	410,834
Total Transfers	<u>-</u>	<u>410,834</u>	<u>410,834</u>
Change in Net Position	<u>(3,185)</u>	<u>(66,976)</u>	<u>(70,161)</u>
Beginning net position	<u>(64,828)</u>	<u>171,645</u>	<u>106,817</u>
Ending Net Position	<u>\$ (68,013)</u>	<u>\$ 104,669</u>	<u>\$ 36,656</u>

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2016

	Equipment Services	Equipment Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 577,290	\$ 6,511	\$ 583,801
Payments to suppliers and contractors	(398,419)	184,325	(214,094)
Payments to employees for salaries and benefits	(151,117)	-	(151,117)
Net Cash Provided (Used) by Operating Activities	<u>27,754</u>	<u>190,836</u>	<u>218,590</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	410,834	410,834
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>410,834</u>	<u>410,834</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	-	(168,285)	(168,285)
Principal paid on capital debt	-	(350,905)	(350,905)
Interest paid on capital debt	-	(82,531)	(82,531)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(601,721)</u>	<u>(601,721)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on investments	-	51	51
Net Cash Provided by Investing Activities	<u>-</u>	<u>51</u>	<u>51</u>
Net (Increase) Decrease in Cash and Cash Equivalents	27,754	-	27,754
Beginning cash and cash equivalents	<u>7,556</u>	<u>-</u>	<u>7,556</u>
Ending Cash and Cash Equivalents	<u><u>\$ 35,310</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,310</u></u>

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2016

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Reconciliation of Operating (Loss)</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ (3,185)	\$ (395,330)	\$ (398,515)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	400,483	400,483
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Due to other funds	-	163,170	163,170
Deferred Outflows of Resources:			
Pension contributions	723	-	723
Investment experience	(17,799)	-	(17,799)
Increase (Decrease) in:			
Accounts payable	27,753	22,513	50,266
Net pension liability	16,796	-	16,796
Deferred Inflows of Resources:			
Actual experience vs. assumption	3,466	-	3,466
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 27,754</u></u>	<u><u>\$ 190,836</u></u>	<u><u>\$ 218,590</u></u>
<u>Schedule of Non-Cash Capital and Related</u>			
<u>Financing Activities</u>			
Capital lease issuance	\$ -	\$ 1,339,590	\$ -

See Notes to Financial Statements.

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	122
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	128
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	135
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	137
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Taylor, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 41,563,836	\$ 41,623,407	\$ 41,768,181	\$ 42,658,990
Restricted	3,248,859	2,787,325	2,676,573	2,630,586
Unrestricted	<u>(1,290,901)</u>	<u>(1,155,715)</u>	<u>(1,311,590)</u>	<u>2,842,851</u>
Total governmental activities net position	<u><u>\$ 43,521,794</u></u>	<u><u>\$ 43,255,017</u></u>	<u><u>\$ 43,133,164</u></u>	<u><u>\$ 48,132,427</u></u>
Business-type activities				
Net investment in capital assets	\$ 13,597,654	\$ 13,247,923	\$ 12,540,010	\$ 9,092,144
Unrestricted (Deficit)	<u>658,527</u>	<u>220,034</u>	<u>1,146,589</u>	<u>5,339,652</u>
Total business-type activities net position	<u><u>\$ 14,256,181</u></u>	<u><u>\$ 13,467,957</u></u>	<u><u>\$ 13,686,599</u></u>	<u><u>\$ 14,431,796</u></u>
Primary government				
Net investment in capital assets	\$ 55,161,490	\$ 54,871,330	\$ 54,308,191	\$ 51,751,134
Restricted	3,248,859	2,787,325	2,676,573	2,630,586
Unrestricted	<u>(632,374)</u>	<u>(935,681)</u>	<u>(165,001)</u>	<u>8,182,503</u>
Total primary government net position	<u><u>\$ 57,777,975</u></u>	<u><u>\$ 56,722,974</u></u>	<u><u>\$ 56,819,763</u></u>	<u><u>\$ 62,564,223</u></u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 39,458,232	\$ 42,533,107	\$ 41,533,094	\$ 43,701,642	\$ 40,988,706	\$ 40,723,892
7,311,640	4,142,402	3,253,125	1,055,079	1,353,386	2,092,597
<u>2,436,264</u>	<u>2,753,160</u>	<u>3,916,431</u>	<u>3,369,829</u>	<u>4,481,859</u>	<u>3,310,666</u>
<u>\$ 49,206,136</u>	<u>\$ 49,428,669</u>	<u>\$ 48,702,650</u>	<u>\$ 48,126,550</u>	<u>\$ 46,823,951</u>	<u>\$ 46,127,155</u>
\$ 12,109,434	\$ 12,332,757	\$ 12,419,757	\$ 11,782,669	\$ 12,539,086	\$ 12,577,691
<u>1,967,586</u>	<u>1,533,418</u>	<u>(216,991)</u>	<u>560,831</u>	<u>82,049</u>	<u>184,104</u>
<u>\$ 14,077,020</u>	<u>\$ 13,866,175</u>	<u>\$ 12,202,766</u>	<u>\$ 12,343,500</u>	<u>\$ 12,621,135</u>	<u>\$ 12,761,795</u>
\$ 51,567,666	\$ 54,865,864	\$ 53,952,851	\$ 55,484,311	\$ 53,527,792	\$ 53,301,583
7,311,640	4,142,402	3,253,125	1,055,079	1,353,386	2,092,597
<u>4,403,850</u>	<u>4,286,578</u>	<u>3,699,440</u>	<u>3,930,660</u>	<u>4,563,908</u>	<u>3,494,770</u>
<u>\$ 63,283,156</u>	<u>\$ 63,294,844</u>	<u>\$ 60,905,416</u>	<u>\$ 60,470,050</u>	<u>\$ 59,445,086</u>	<u>\$ 58,888,950</u>

City of Taylor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	\$ 3,824,932	\$ 4,860,808	\$ 4,862,420	\$ 4,770,073
Culture and recreation	1,132,102	1,098,786	1,109,876	1,112,269
Community services	866,779	628,159	661,224	655,822
Public safety	5,292,525	5,233,324	5,135,384	4,654,499
Public works	2,767,401	2,839,114	2,919,795	2,905,400
Interest on long-term debt	946,971	911,760	970,486	1,009,285
Total governmental activities expenses	14,830,710	15,571,951	15,659,185	15,107,348
Business-type activities:				
Public utilities fund	5,287,437	5,167,958	4,865,365	4,696,288
Airport fund	386,176	407,521	473,911	480,214
Cemetery operating fund	178,182	146,682	163,769	133,354
Sanitation fund	1,362,258	-	-	-
Interest on long-term debt	861,912	1,067,397	1,107,014	1,202,405
Total business-type activities expenses	8,075,965	6,789,558	6,610,059	6,512,261
Total primary government expenses	\$ 22,906,675	\$ 22,361,509	\$ 22,269,244	\$ 21,619,609
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 795,794	\$ 1,732,647	\$ 1,740,528	\$ 1,631,501
Public safety	248,042	266,967	319,668	323,928
Public works	326,121	299,593	330,203	325,698
Community services	-	-	-	-
Operating grants and contributions	320,450	141,889	129,182	127,201
Capital grants and contributions	353,415	470,172	142,440	184,969
Total governmental activities program revenues	2,043,822	2,911,268	2,662,021	2,593,297
Business-type activities:				
Charges for services:				
Public utilities fund	7,804,655	6,300,263	6,875,146	6,929,109
Airport fund	426,245	450,606	484,048	500,255
Cemetery fund	145,705	117,340	135,458	118,160
Sanitation fund	1,638,338	-	-	-
Capital grants and contributions	24,580	530,695	79,326	164,979
Total business-type activities program revenues	10,039,523	7,398,904	7,573,978	7,712,503
Total primary government program revenues	\$ 12,083,345	\$ 10,310,172	\$ 10,235,999	\$ 10,305,800

2012	2011	2010	2009	2008	2007
\$ 3,820,796	\$ 4,106,565	\$ 4,274,435	\$ 4,038,624	\$ 4,682,994	\$ 3,791,089
1,056,650	-	-	-	-	-
502,428	343,860	-	-	-	-
4,501,449	4,937,819	4,986,776	4,799,854	5,079,499	4,043,066
2,778,499	4,334,567	4,159,734	3,797,620	3,912,591	3,422,645
900,074	826,560	760,678	723,851	704,241	655,537
13,559,896	14,549,371	14,181,623	13,359,949	14,379,325	11,912,337
4,883,367	6,005,089	5,607,082	5,250,058	6,282,526	5,820,213
395,849	426,345	430,473	408,404	599,040	421,971
120,031	88,368	-	-	-	-
-	-	-	-	-	-
1,219,817	-	-	-	-	-
6,619,064	6,519,802	6,037,555	5,658,462	6,881,566	6,242,184
\$ 20,178,960	\$ 21,069,173	\$ 20,219,178	\$ 19,018,411	\$ 21,260,891	\$ 18,154,521
\$ 2,283,280	\$ 2,515,187	\$ 2,378,935	\$ 2,257,670	\$ 3,650,952	\$ 3,132,354
247,130	382,919	287,821	308,439	305,708	331,605
69,481	-	-	-	-	-
-	338,965	-	-	-	-
-	-	-	-	-	-
-	707,816	1,813,591	1,230,851	476,057	1,335,302
2,599,891	3,944,887	4,480,347	3,796,960	4,432,717	4,799,261
7,150,801	7,568,944	6,227,101	5,897,077	5,845,601	5,141,474
426,859	669,510	427,323	466,097	607,746	387,224
120,529	119,721	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	825,814
7,698,189	8,358,175	6,654,424	6,363,174	6,453,347	6,354,512
\$ 10,298,080	\$ 12,303,062	\$ 11,134,771	\$ 10,160,134	\$ 10,886,064	\$ 11,153,773

City of Taylor, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net (Expenses) Revenue				
Governmental activities	\$ (12,786,888)	\$ (12,660,683)	\$ (12,997,164)	\$ (12,514,051)
Business-type activities	1,963,558	609,346	963,919	1,200,242
Total primary government net expense	<u>\$ (10,823,330)</u>	<u>\$ (12,051,337)</u>	<u>\$ (12,033,245)</u>	<u>\$ (11,313,809)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 7,389,970	\$ 6,858,118	\$ 6,420,308	\$ 6,374,806
Sales taxes	2,962,203	2,952,740	2,744,362	2,535,174
Franchise taxes	939,301	1,087,771	1,103,835	1,055,651
Investment earnings	40,375	19,475	31,020	38,322
Miscellaneous	335,493	626,032	212,420	384,719
Transfers	1,386,323	1,251,871	1,244,003	1,051,670
Total governmental activities	<u>13,053,665</u>	<u>12,796,007</u>	<u>11,755,948</u>	<u>11,440,342</u>
Business-type activities:				
Investment earnings	2,825	465	412	3,149
Miscellaneous	208,164	423,418	161,510	203,055
Transfers	(1,386,323)	(1,251,871)	(1,244,003)	(1,051,670)
Total business-type activities	<u>(1,175,334)</u>	<u>(827,988)</u>	<u>(1,082,081)</u>	<u>(845,466)</u>
Total primary government	<u><u>\$ 11,878,331</u></u>	<u><u>\$ 11,968,019</u></u>	<u><u>\$ 10,673,867</u></u>	<u><u>\$ 10,594,876</u></u>
Change in Net Position				
Governmental activities	\$ 266,777	\$ 135,324	\$ (1,241,216)	\$ (1,073,709)
Business-type activities	788,224	(218,642)	(118,162)	354,776
Total primary government	<u><u>\$ 1,055,001</u></u>	<u><u>\$ (83,318)</u></u>	<u><u>\$ (1,359,378)</u></u>	<u><u>\$ (718,933)</u></u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ (10,960,005)	\$ (10,604,484)	\$ (9,701,276)	\$ (9,562,989)	\$ (9,946,608)	\$ (7,113,076)
1,079,125	1,838,373	616,869	704,712	(428,219)	112,328
<u>\$ (9,880,880)</u>	<u>\$ (8,766,111)</u>	<u>\$ (9,084,407)</u>	<u>\$ (8,858,277)</u>	<u>\$ (10,374,827)</u>	<u>\$ (7,000,748)</u>

\$ 6,212,695	\$ 6,078,005	\$ 5,811,529	\$ 5,741,878	\$ 5,589,548	\$ 5,183,652
2,411,533	2,219,629	2,239,952	2,248,042	3,020,333	3,431,242
890,874	816,039	845,234	801,124	863,824	800,893
25,783	38,451	114,902	140,589	301,223	446,973
391,765	1,373,359	435,759	930,977	201,993	248,316
869,999	805,020	830,000	1,128,168	-	-
<u>10,802,649</u>	<u>11,330,503</u>	<u>10,277,376</u>	<u>10,990,778</u>	<u>9,976,921</u>	<u>10,111,076</u>

5,467	10,086	16,284	64,899	239,913	233,859
221,503	619,970	56,113	80,922	47,646	70,854
(869,999)	(805,020)	(830,000)	(1,128,168)	-	-
<u>(643,029)</u>	<u>(174,964)</u>	<u>(757,603)</u>	<u>(982,347)</u>	<u>287,559</u>	<u>304,713</u>
<u>\$ 10,159,620</u>	<u>\$ 11,155,539</u>	<u>\$ 9,519,773</u>	<u>\$ 10,008,431</u>	<u>\$ 10,264,480</u>	<u>\$ 10,415,789</u>

\$ (157,356)	\$ 726,019	\$ 576,100	\$ 1,427,789	\$ 30,313	\$ 2,998,000
436,096	1,663,409	(140,734)	(277,635)	(140,660)	417,041
<u>\$ 278,740</u>	<u>\$ 2,389,428</u>	<u>\$ 435,366</u>	<u>\$ 1,150,154</u>	<u>\$ (110,347)</u>	<u>\$ 3,415,041</u>

City of Taylor, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund				
Restricted	\$ 1,223,913	\$ 865,526	\$ 778,132	\$ 781,021
Committed	10,785	10,785	10,785	10,785
Assigned	-	-	-	-
Unassigned	3,285,095	3,216,861	3,290,862	3,686,745
Total general fund	<u><u>\$ 4,519,793</u></u>	<u><u>\$ 4,093,172</u></u>	<u><u>\$ 4,079,779</u></u>	<u><u>\$ 4,478,551</u></u>
 All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital project funds	-	-	-	-
Non-spendable	703,783	697,882	701,766	697,543
Restricted	4,921,979	5,058,875	7,244,749	7,778,543
Committed	697,454	450,768	462,996	450,114
Total all other governmental funds	<u><u>\$ 6,323,216</u></u>	<u><u>\$ 6,207,525</u></u>	<u><u>\$ 8,409,511</u></u>	<u><u>\$ 8,926,200</u></u>

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 612,452	\$ 615,461	\$ -	\$ -	\$ -	\$ -
10,785	17,739	-	-	-	-
409,969	-	-	-	-	-
3,855,829	2,943,662	3,567,124	3,899,851	3,809,353	2,870,578
<u>\$ 4,889,035</u>	<u>\$ 3,576,862</u>	<u>\$ 3,567,124</u>	<u>\$ 3,899,851</u>	<u>\$ 3,809,353</u>	<u>\$ 2,870,578</u>
\$ -	\$ -	\$ 3,353,764	\$ 1,055,079	\$ 4,702,011	\$ 3,090,819
-	-	499,523	392,573	248,681	161,058
729,268	735,606	-	-	-	-
6,389,661	2,886,566	-	-	-	-
327,257	155,415	-	-	-	-
<u>\$ 7,446,186</u>	<u>\$ 3,777,587</u>	<u>\$ 3,853,287</u>	<u>\$ 1,447,652</u>	<u>\$ 4,950,692</u>	<u>\$ 3,251,877</u>

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2016	2015	2014	2013
Revenues				
Taxes	\$ 11,297,631	\$ 10,880,953	\$ 10,246,691	\$ 9,940,659
Licenses, permits, and fees	282,906	214,560	134,322	101,808
Charges for services	839,009	1,817,680	1,936,409	1,855,391
Fines and forfeitures	248,042	266,967	319,668	323,928
Special assessments	-	-	-	-
Intergovernmental	673,865	612,061	271,622	312,170
Investment earnings	40,324	19,256	31,020	38,322
Other revenues	327,083	601,386	174,181	382,384
Contributions	-	-	-	-
Total Revenues	13,708,860	14,412,863	13,113,913	12,954,662
Expenditures				
Current:				
General government	3,031,068	4,132,938	4,193,947	4,147,828
Culture and recreation	1,141,441	1,099,300	1,107,678	1,110,059
Community development	841,276	632,021	660,441	631,422
Public safety	5,134,332	5,174,338	4,915,960	4,441,585
Public works	1,153,524	1,252,245	1,316,652	1,374,935
Debt Service:				
Principal retirement	1,494,972	1,271,180	1,207,384	1,213,983
Interest and fiscal changes	692,008	861,304	919,438	823,110
Bond issuance costs	95,074	-	-	134,800
Capital outlay:	794,863	3,253,720	775,494	1,883,518
Total Expenditures	14,378,558	17,677,046	15,096,994	15,761,240
Excess of Revenues Over (Under)				
Expenditures	(669,698)	(3,264,183)	(1,983,081)	(2,806,578)
Other financing sources (uses)				
Transfers in	2,029,948	1,822,939	1,633,050	1,126,893
Transfers (out)	(1,054,459)	(747,349)	(565,430)	(578,678)
Debt issuance	5,845,000	-	-	6,990,000
Premium on debt issuance	544,267	-	-	254,070
Lease issuance	-	-	-	-
Payments to escrow agent	(6,152,746)	-	-	(4,132,346)
Total Other Financing Sources (Uses)	1,212,010	1,075,590	1,067,620	3,659,939
Net Change in Fund Balances	\$ 542,312	\$ (2,188,593)	\$ (915,461)	\$ 853,361
Debt service as percentage of noncapital expenditures	16.1%	14.6%	14.7%	14.5%

2012	2011	2010	2009	2008	2007
\$ 9,588,691	\$ 9,168,082	\$ 9,074,489	\$ 8,843,496	\$ 9,442,425	\$ 9,414,268
169,159	92,220	113,208	105,591	129,750	160,260
1,948,547	1,794,596	1,662,049	1,464,667	2,604,165	2,125,876
247,130	382,919	287,821	308,439	305,708	331,605
-	-	-	-	-	-
146,780	1,046,781	991,107	1,027,208	476,057	1,335,302
25,381	38,452	114,902	140,589	301,223	446,973
235,561	1,294,289	351,900	875,655	201,213	248,316
-	-	-	-	-	-
12,361,249	13,817,339	12,595,476	12,765,645	13,460,541	14,062,600
3,874,060	2,527,926	2,846,860	2,628,035	3,281,548	2,772,560
-	343,860	-	-	-	-
-	-	-	-	-	-
4,051,068	4,214,072	4,330,047	4,214,449	4,199,718	3,790,923
2,465,390	3,823,790	3,681,843	3,380,810	3,528,574	3,238,648
993,484	938,129	891,896	795,792	671,849	737,611
839,966	808,698	733,766	982,337	700,119	633,982
54,500	-	-	-	-	-
825,405	2,086,699	1,857,267	8,215,648	2,469,171	4,213,471
13,103,873	14,743,174	14,341,679	20,217,071	14,850,979	15,387,195
(742,624)	(925,835)	(1,746,203)	(7,451,426)	(1,390,438)	(1,324,595)
1,595,738	1,648,065	1,005,766	1,287,399	1,280,839	351,636
(747,342)	(853,657)	(182,037)	(169,422)	(1,300,839)	(381,636)
4,875,000	1,030,000	2,655,000	7,675,000	3,000,000	200,000
-	-	-	33,886	-	-
-	-	-	-	381,545	-
-	(964,535)	-	(4,662,789)	-	-
5,723,396	859,873	3,478,729	4,164,074	3,361,545	170,000
\$ 4,980,772	\$ (65,962)	\$ 1,732,526	\$ (3,287,352)	\$ 1,971,107	\$ (1,154,595)
15.0%	13.8%	13.0%	14.8%	11.1%	12.3%

City of Taylor, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended Sept 30	Real Property			Personal Property		Less Exemptions Real Property
	Residential Assessed Value	Commercial Assessed Value	Agriculture	Personal	Other	
2007	\$ 423,939	\$ 192,852	\$ 32,873	\$ 108,373	\$ -	\$ 58,184
2008	462,462	190,589	34,222	99,778	-	24,802
2009	439,446	218,102	36,496	116,084	-	39,734
2010	455,517	211,709	39,355	114,305	-	39,031
2011	451,487	197,816	39,566	128,562	-	39,471
2012	444,086	220,153	38,771	144,280	-	26,915
2013	444,424	229,683	39,361	137,607	-	28,839
2014	482,453	238,861	43,761	133,642	-	31,398
2015	526,702	248,870	44,524	148,777	-	30,906
2016	579,978	264,734	48,240	155,488	-	34,349

Notes: The appraisal of property within the City is the responsibility of the Williamson County Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a three member Appraisal Review Board.

Source: Williamson County Appraisal District.

Total Assessed Value	Tax Rate	Estimated Tax Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 699,853	\$ 0.79500	\$ 699,853	100.0%
762,249	0.79000	762,249	100.0%
770,394	0.79000	770,394	100.0%
781,855	0.79000	781,855	100.0%
777,960	0.81389	777,960	100.0%
820,375	0.81389	820,375	100.0%
822,236	0.81389	822,236	100.0%
867,319	0.81390	867,319	100.0%
937,967	0.81389	937,967	100.0%
1,014,091	0.81389	1,014,091	100.0%

City of Taylor, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF TAYLOR			WILLIAMSON COUNTY			
	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2007	\$ 0.59653	\$ 0.19847	\$ 0.79500	\$ 0.27500	\$ 0.18410	\$ 0.03000	\$ 0.48910
2008	0.60446	0.18554	0.79000	0.27129	0.16813	0.02890	0.46832
2009	0.59627	0.19373	0.79000	0.29084	0.17000	0.03098	0.49182
2010	0.57796	0.21204	0.79000	0.28990	0.17000	0.03000	0.48990
2011	0.58982	0.22407	0.81389	0.28769	0.17000	0.03000	0.48769
2012	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2013	0.57302	0.24087	0.81389	0.28153	0.16750	0.04000	0.48903
2014	0.59069	0.22321	0.81390	0.27903	0.16750	0.04000	0.48653
2015	0.59344	0.22045	0.81389	0.27403	0.16750	0.04000	0.48153
2016	0.59344	0.22045	0.81389	0.26903	0.16750	0.04000	0.47653

Note: The entire City was located in Williamson County and within the Taylor Independent School District.

Source: Williamson County Tax Collector.

TAYLOR SCHOOL DISTRICT

Operating		Debt Service	Total Rate	Total Direct & Overlapping Rates
\$	1.04000	\$ 0.16000	\$ 1.20000	\$ 2.48410
	1.04000	0.16000	1.20000	2.45832
	1.04000	0.45000	1.49000	2.77182
	1.04000	0.43000	1.47000	2.74990
	1.04000	0.41000	1.45000	2.75158
	1.17000	0.28000	1.45000	2.75292
	1.17000	0.28000	1.45000	2.75292
	1.17000	0.28000	1.45000	2.75043
	1.17000	0.28000	1.45000	2.74542
	1.17000	0.40000	1.57000	2.86042

City of Taylor, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2016			2007		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Electric Reliability Council of TX	\$ 30,858,685	1	3.04%	\$ -	-	-
CCA Properties of America	13,012,491	2	1.28%	-	-	-
Durcon Laboratory Tops Inc	11,669,997	3	1.15%	-	-	-
HEB Grocery Company LP	11,661,484	4	1.15%	-	-	-
ERCOT	11,304,383	5	1.11%	-	-	-
ONCOR Electric Delivery Co	10,576,188	6	1.04%	-	-	-
Wal-Mart Real Estate Trust	9,787,725	7	0.97%	-	-	-
Union Pacific RR Co	7,395,760	8	0.73%	-	-	-
Taylor Plaza LLC	7,395,760	9	0.73%	-	-	-
Taylor CPB Property LLC	5,787,192	10	0.57%	-	-	-
CCA Properties of Texas	-	-	-	14,350,003	1	2.05%
HEB Grocery Co	-	-	-	13,464,627	2	1.92%
ERCOT	-	-	-	9,718,500	3	1.39%
Wal-Mart Real Estate Trust	-	-	-	9,021,962	4	1.29%
TXU Electric Delivery	-	-	-	8,095,646	5	1.16%
Texas HWY 95 LP	-	-	-	6,591,414	6	0.94%
Electric Reliability Council	-	-	-	6,492,466	7	0.93%
Wal-Mart Stores East Inc	-	-	-	6,114,657	8	0.87%
KB Homes Lone Star LP	-	-	-	5,989,918	9	0.86%
Durcon Laboratory Tops	-	-	-	5,293,305	10	0.76%
Total	\$ 119,449,665			\$ 85,132,498		

Source: Williamson County Tax Collector.

City of Taylor, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2007	\$ 5,106,729	\$ 5,006,268	98.0%	\$ 84,805	\$ 5,098,897	99.8%
2008	5,524,316	5,416,832	98.1%	104,804	5,521,636	100.0%
2009	5,820,781	5,658,597	97.2%	158,115	5,816,712	99.9%
2010	5,802,025	5,694,713	98.2%	99,216	5,793,929	99.9%
2011	6,050,622	5,976,895	98.8%	64,299	6,041,194	99.8%
2012	6,195,426	6,119,868	98.8%	69,319	6,189,187	99.9%
2013	6,255,176	6,197,753	99.1%	46,951	6,244,704	99.8%
2014	6,352,505	6,292,672	99.1%	44,284	6,336,956	99.8%
2015	6,797,312	6,723,090	98.9%	50,462	6,773,552	99.7%
2016	7,318,681	7,245,999	99.0%	-	7,245,999	99.0%

Source: Williamson County Appraisal District Reports.

City of Taylor, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities					
	General		Certificates		Capital	Note
	Obligation	of	Contractual	Lease		
	Bonds	Obligation	Obligation			
2007	\$ 11,177,225	\$ 2,144,858	\$ 245,485	\$ 192,864	\$ -	-
2008	10,666,935	5,008,320	220,464	509,052	-	-
2009	10,582,740	7,333,955	-	397,436	-	-
2010	9,878,545	9,877,038	-	281,737	-	-
2011	9,192,005	9,768,476	145,398	418,071	-	-
2012	8,723,764	14,516,902	120,375	351,050	-	-
2013	8,739,097	16,479,268	93,267	340,278	-	-
2014	7,884,431	16,183,943	68,244	582,143	-	-
2015	7,059,764	15,796,861	43,221	379,215	285,899	-
2016	11,871,687	10,230,646	-	1,425,252	228,547	-

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Business-type Activities					
Combination	General		Total	Percentage	
Tax & Revenue	Obligation		Primary	of Personal	Per
Bonds	Bonds		Government	Income	Capita
\$ 13,679,088	\$ 377,775	\$	27,817,295	7.92%	1,617
20,259,397	358,065		37,022,233	8.54%	2,096
22,711,045	4,432,260		45,457,436	12.23%	2,456
28,382,962	4,196,455		52,616,737	13.05%	2,713
25,441,524	5,982,995		50,948,469	16.67%	3,354
23,228,602	5,380,070		52,320,763	16.05%	3,258
21,420,022	5,971,060		53,042,992	15.98%	3,294
21,044,132	5,087,051		50,849,944	13.00%	2,819
20,650,000	4,178,042		48,393,002	14.90%	3,103
13,280,000	10,759,095		47,795,227	12.34%	2,700

City of Taylor, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2007	\$ 11,555,000	\$ 162,681	\$ 11,392,319	1.63%	662
2008	11,025,000	155,140	10,869,860	1.43%	615
2009	15,015,000	102,626	14,912,374	1.94%	806
2010	14,075,000	233,182	13,841,818	1.77%	714
2011	15,175,000	287,894	14,887,106	1.91%	980
2012	14,103,834	145,607	13,958,227	1.70%	869
2013	14,710,158	236,346	14,473,812	1.76%	899
2014	12,971,482	225,505	12,745,977	1.47%	707
2015	11,237,806	185,697	11,052,109	1.18%	709
2016	22,630,782	276,695	22,354,087	2.20%	1,263

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Taylor, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2016 (Unaudited)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt repaid with property taxes:			
Williamson County	\$ 931,599,942	1.90%	\$ 17,700,399
Taylor ISD	70,684,943	100.00%	70,684,943
Subtotal, overlapping debt			<u>88,385,342</u>
 City of Taylor	 46,141,428	 100%	 <u>46,141,428</u>
 Total direct and overlapping debt			 <u><u>\$ 134,526,770</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability governments that is borne to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of Taylor, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)
(amounts expressed in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 262,110	\$ 242,218	\$ 224,679	\$ 212,769
Total net debt applicable to limit	<u>25,164</u>	<u>37,137</u>	<u>37,205</u>	<u>37,875</u>
Legal debt margin	<u>\$ 236,946</u>	<u>\$ 205,082</u>	<u>\$ 187,474</u>	<u>\$ 174,894</u>

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 1,014,091
Add back: exempt real property	34,349
Total assessed value	<u>1,048,440</u>
Debt limit (10% of total assessed value)	262,110
Debt applicable to limit:	
Total Debt	47,795
Less: Amount set aside for repayment of general obligation debt	<u>(22,631)</u>
Total net debt applicable to limit	<u>25,164</u>
Legal debt margin	<u>\$ 236,946</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 211,823	\$ 204,358	\$ 205,222	\$ 202,532	\$ 196,763	\$ 189,509
<u>37,719</u>	<u>35,210</u>	<u>38,281</u>	<u>30,045</u>	<u>24,381</u>	<u>15,197</u>
<u><u>\$ 169,148</u></u>	<u><u>\$ 166,941</u></u>	<u><u>\$ 172,487</u></u>	<u><u>\$ 172,382</u></u>	<u><u>\$ 174,312</u></u>	<u><u>\$ 163,347</u></u>

City of Taylor, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Water Revenue Bonds						
	Utility	Less:	Net	Debt Service		Coverage	
	Service	Operating	Available	Principal	Interest		
Charges	Expenses	Revenue					
2007	\$ 5,188,998	\$ 4,246,115	\$ 942,883	\$ 2,725,000	\$ 899,997	26.0%	
2008	5,877,587	4,639,485	1,238,102	2,700,000	781,605	35.6%	
2009	5,965,725	3,250,434	2,715,291	2,675,000	664,190	81.3%	
2010	6,340,142	3,589,878	2,750,264	2,650,000	547,778	86.0%	
2011	8,185,627	3,386,091	4,799,536	-	-	100.0%	
2012	7,259,363	3,704,075	3,555,288	-	-	100.0%	
2013	6,929,109	3,529,757	3,399,352	-	-	100.0%	
2014	6,875,146	3,618,109	3,257,037	-	-	100.0%	
2015	6,300,263	3,824,509	2,475,754	-	-	100.0%	
2016	7,804,655	3,917,205	3,887,450	-	-	100.0%	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

City of Taylor, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population¹	Personal Income³	Per Capita⁵ Personal Income	School Enrollment⁴	Unemployment Rate²
2007	17,202	\$ 351,179	\$ 20,415	3,115	3.8%
2008	17,663	433,574	24,547	3,156	4.7%
2009	18,509	371,698	20,082	3,115	6.7%
2010	19,397	403,070	20,780	3,086	7.7%
2011	15,191	305,582	20,116	3,086	7.1%
2012	16,061	325,974	20,296	3,178	6.8%
2013	16,105	331,860	20,606	3,239	5.6%
2014	18,037	391,241	21,691	4,178	4.2%
2015	15,595	324,891	20,833	4,333	3.4%
2016	17,701	387,422	21,887	4,547	3.3%

Data Sources:

- ¹ Texas State Data Center & Office of the State Demographer
- ² State Department of Labor and City-Data.com
- ³ US Census adjusted by CPI for inflation, expressed in thousands
- ⁴ Taylor Independent School District
- ⁵ U. S. Census Bureau American Fact Finder

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City of Taylor, Texas
PRINCIPAL EMPLOYERS
Current and Nine Years Ago (Unaudited)

	<u>2016</u>		<u>2007</u>	
Employer	No. Employees¹	Rank	No. Employees¹	Rank
ERCOT	720	1	630	1
Taylor ISD	578	2	540	2
Durcon Laboratory Tops	394	3	207	6
Wal-Mart	211	4	265	4
HEB Grocery Co	165	5	150	8
Floyd's Glass	160	6	150	7
Scott & White	155	7	-	-
City of Taylor	148	8	148	9
Corrections Corporation of America	147	9	275	3
Burrow Cabinets	137	10	142	10
Johns Community Hospital	-	-	215	5
Accurate	-	-	-	-
E R Carpenter	-	-	-	-
Total	<u><u>2,815</u></u>		<u><u>2,722</u></u>	

¹ Source: www.mactexas.com.

City of Taylor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years (Unaudited)

Function / Program	2016	2015	2014	2013	2012
General Government					
Management services	4	4	4	4	4
Human resources	2	2	2	2	2
Finance	4	4	4	4	4
Municipal court	3	4	5	5	5
C D - planning	6	5	6	6	5
Main street	1	1	1	1	1
C D - recreation	-	-	-	-	-
Building	3	3	3	3	3
General services	1	1	1	1	1
Information technology	1	1	1	1	1
Other	1	1	1	1	1
Police					
Officers	27	27	27	27	25
Civilians	9	9	8	8	8
Animal control	2	1	2	2	2
Fire					
Firefighters and officers	23	23	23	23	23
Civilians	1	1	1	1	1
Other Public Works					
Engineering/inspection	1	1	2	2	2
Street maintenance	14	14	14	13	13
Grounds	-	-	-	-	-
Other	-	-	-	1	1
Parks and recreation	6	6	6	6	6
Library	8	7	7	7	7
Water	14	14	14	14	14
Wastewater	3	3	2	2	2
Utilities admin.	6	6	6	6	6
Airport	2	2	2	2	2
Cemetery	2	2	2	2	1
Fleet services	2	2	2	2	2
Total all governmental funds	146	144	146	146	142

2011	2010	2009	2008	2007
4	3	2	3	3
2	3	3	3	3
4	4	4	4	4
5	4	4	4	4
5	5	6	6	6
1	2	2	1	2
-	1	1	1	1
3	1	1	1	1
1	1	1	1	-
1	1	1	1	-
1	-	-	-	-
25	27	27	26	26
8	11	10	11	11
2	1	1	2	1
23	24	25	23	25
1	1	1	1	1
2	2	3	2	2
13	6	9	9	7
-	7	9	7	10
2	2	2	2	2
6	6	6		
7	7	7	7	7
14	13	15	12	14
2	2	1	3	2
6	6	6	7	7
3	3	3	3	3
2	1	2	2	2
2	2	2	2	3
145	146	153	144	147

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2016	2015	2014	2013
General government				
Building permits issued	94	63	129	101
Building inspections conducted	outsourced	outsourced	outsourced	outsourced
Public Safety				
Police:				
Physical arrests	813	722	717	669
Parking violations	36	33	54	67
Traffic violations	3,429	1,543	1,604	3,615
Fire:				
Emergency responses	2,127	2,036	1,915	1,069
Fires extinguished	44	64	61	56
Inspections	361	359	316	137
Highways and streets				
Street resurfacing (miles)	15	17	10	-
Potholes repaired	741	777	655	461
Recreation				
Athletic field permits issued	32	33	30	37
Library				
Volumes in collection	53,011	50,223	47,952	44,850
Total volumes borrowed	78,368	75,581	78,186	79,187
Water				
New connections	160	50	44	96
Water main breaks	222	235	352	437
Average daily consumption (millions of gallons)	2	3	2	2
Peak daily consumption (millions of gallons)	3	2	3	3
Wastewater				
Average daily treatment (millions of gallons)	2	2	1	2
Airport				
LL fuel (thousand gallon)	59	48	46	45
Jet A fuel (thousand gallon)	27	29	23	32
Landings / Take off (thousand)	12	9	14	14
Cemetery				
Lots sold	77	66.5	80	84
Municipal Court				
Cases processed	1,876	2,113	2,562	4,158
General Services				
Facilities				
Work orders	645	553	538	453
Fleet				
Work orders	834	903	816	1071
Information Technology				
Personal computers / laptops	155	152	135	135
Service requests	415	407	549	555

2012	2011	2010	2009	2008	2007
82	33	35	481	530	368
1,637	1,291	540	410	503	692
653	653	699	730	707	955
86	76	87	63	72	102
2,660	3,388	2,457	3,489	2,063	3,798
1,813	2,225	1,788	2,302	1,704	1,550
45	110	112	121	149	117
194	315	503	427	394	294
-	-	-	-	-	6
771	171	741	1,430	851	1,655
37	36	24	-	-	-
45,413	46,099	42,733	40,330	37,809	43,636
87,895	91,408	88,622	81,893	81,274	69,419
720	1,246	1,240	872	873	928
445	584	350	515	511	388
2	3	2	2	2	2
4	4	3	3	4	3
1	2	2	2	1	2
35	47	56	67	76	-
23	26	23	26	36	-
11	12	12	11	13	-
75	63	63	40	70	-
4,852	6,863	7,278	6,419	5,684	-
450	423	417	-	-	-
1,270	1,243	877	-	-	-
132	120	114	-	-	-
562	413	300	-	-	-

City of Taylor, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2016	2015	2014	2013
Police				
Number of stations	1	1	1	1
Zone Officers	27	27	27	27
Number of patrol units	15	15	15	15
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	106	106	106	106
Streetlights	1,114	1,113	1,102	1,102
Traffic signals	12	12	12	12
Recreation				
Acreage	462	462	462	462
Playgrounds	7	7	7	7
Baseball/softball diamonds	20	20	20	20
Swimming pools	2	2	2	2
Tennis courts	8	8	8	8
Water				
Water mains	125	121	121	120
Fire hydrants	808	604	604	598
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4,000	4,000
Sanitary sewer (miles)	95	90	90	89
Storm sewers (miles)	6	5	5	4
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	52	52	52	52
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	19	19	19	19
Fleet vehicles	165	164	164	162
Network servers	7	7	7	4

2012	2011	2010	2009	2008	2007
1	1	1	1	1	1
25	25	27	21	27	27
15	12	12	12	12	12
2	2	2	2	2	2
93	93	92	87	87	87
1,102	1,097	1,097	1,097	1,097	1,072
13	11	13	11	11	10
387	387	387	387	387	387
7	6	6	6	4	
20	20	20	20	10	
2	2	2	2	2	2
8	10	10	10	10	10
119	115	109	109	99	99
598	596	583	450	582	580
5	5	5		5	5
4,000	4,000	4,000	4,000	4,000	4,000
89	86	86	86	84	84
4	3	3	3	3	3
4,000	4,000	4,000	4,000	4,000	-
52	52	52	52	52	-
27	27	27	27	27	-
135	135	114	114	114	-
16	14	14	-	-	-
157	154	150	-	-	-
4	3	3	-	-	-

